



*Governance Accountability Project*  
*Projekat upravne odgovornosti*

# COMPLETION REPORT

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**USAID**  
FROM THE AMERICAN PEOPLE



SWEDISH INTERNATIONAL  
DEVELOPMENT COOPERATION AGENCY



# **BOSNIA and HERZEGOVINA (BiH) GOVERNANCE ACCOUNTABILITY PROJECT (GAP)**

## **COMPLETION REPORT**

USAID CONTRACT NO.

EEU-I-00-99-00012-00, TASK ORDER 805 (LAST AMENDED BY MODIFICATION NO. 5)

Contract Dates: July 15, 2004 to November 26, 2007

Sida CONTRACT NO.

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## FOREWORD

The Governance Accountability Project (GAP or “Project”) for Bosnia and Herzegovina (BiH) was designed to build the capacity of a critical mass of municipalities (representing about thirty percent of the total number) to better serve their citizens within a policy and fiscal framework of good governance. It is a United States Agency for International Development (USAID) and Swedish International Development Cooperation Agency (Sida) jointly-funded \$20.4 million effort over approximately thirty-nine months with three discrete components.

The direct municipal interventions component provides “partner” municipalities with the tools and resources they need to serve their citizens and build stronger communities. As a result, forty-one local governments are now functioning substantially better and provide superior service, with citizens and businesses registering increased satisfaction with municipal institutions. Specifically, GAP has provided these local governments with targeted technical assistance to improve the customer service profiles and administrative management systems including:

- the establishment of citizen service centers (CSC or “one-stop-shops”),
- increased levels of transparency and information flow both among local government departments and to citizens and businesses,
- expanded municipal control over revenues and expenditures, and
- improved human resource management.

As part of this program, special targeted assistance was provided to the City of Mostar to support international community efforts to consolidate the six former municipalities into a single, professional and unified municipal administration.

In support of component one, a total of \$8 million was provided to establish two grant pools. The first was authorized for the purchase of equipment and/or supplies for local governments to implement approved recommendations such as the construction of one-stop shops, and new or upgraded financial management systems. A second fund was used to implement rapid completion of small-scale, community development projects selected by citizen groups in conjunction with the municipality.

Component two of BiH GAP involved policy work at the state, entity, cantonal and municipal levels to provide advice on how to make structures of governance more efficient and accountable. This included work on the two entity laws on local self-government, working with both entities to strengthen municipal autonomy, promotion of a more transparent and workable commercial debt market for municipalities, and adoption of appropriate inter-governmental revenue sharing methodologies to be implemented in conjunction with introduction of the value-added tax (VAT).

Under the third component, Strengthening the Common Voice of Local Governments, GAP worked to build the capacity of municipal associations while simultaneously supporting the dynamism of the existing local government community. This included building policy analysis and lobbying skills rapidly across a wide spectrum of stakeholders, to allow municipal associations to develop into truly representative organizations that can now effectively advocate on behalf of local governments, disseminate practical information, and provide services of value to members.

A fourth component, Municipal Loan Assistance and Packaging, was discontinued at the request of the clients approximately at the midpoint of the Project.

The GAP strategy focused on building municipal capacity to be efficient and accountable within a framework of good governance using policy and direct intervention tools.



## ACKNOWLEDGEMENTS

To be successful, a development project such as GAP must meet at least three tests; it needs to be well conceived by the donors, professionally implemented, and endorsed with enthusiastic beneficiary buy-in.

GAP was incredibly thoughtful and comprehensive in its conceptual development and design. The multifaceted methodology employed by the donor-clients was framed in a creative marriage of improved citizen services and policy interventions, which served as the overall approach to empowerment of local self-governance.

This vision of the USAID and Sida donors, matched with their generous commitment of resources, represents the primary pillar, foundation and indispensable prerequisite for the extraordinary GAP legacy in Bosnia and Herzegovina.

The exceptional GAP team that was mobilized by Development Alternatives, Incorporated to implement the Project, rose to the challenges of the task order and delivered a first-class product. DAI provided cutting-edge, immediately responsive home office support for the field staff.

As documented in this Completion Report, GAP personnel led by a superior core of senior managers achieved remarkable outcomes in every aspect of the Project. This is evident from any number of positive indicators including:

- Results from the performance monitoring plan
- Overwhelming citizen acceptance of GAP improvements
- High professional esteem for GAP staff among clients, partner municipality Mayors and other officials
- The findings of an independent evaluation team retained by the donors that praised the GAP team in general<sup>1</sup> and said of the policy staff: "...[it] represents a unique capability among Local Government Programs in the *Europe and Eurasia Region*" [*emphasis added*].
- Requests are regularly received for GAP staff assistance and expertise from all manner of institutions, within or outside of BiH, on matters ranging from monitoring and evaluation to policy analysis and municipal governance.

For example, the Ministers of Finance of the Federation and the RS requested that GAP policy advisors be seconded to their agencies to advise and train Ministry personnel on implementation of the respective revenue allocation laws.

- Two senior managers from GAP were selected to attend the prestigious Tällberg Forum in Sweden. GAP staff were invited by organizers to make presentations at a number of international events

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<sup>1</sup> As cited in the report GAP staff:

"...are competent and strongly motivated; their enthusiasm and drive is quite evident. They are held in *uniformly* high regard by the Mayors and municipality counterparts" [*emphasis added*].

Acknowledgement must also be extended to the municipal counterparts of GAP and the end users of the municipal services that have been streamlined with the help of the Project. In the final analysis, it is citizen acceptance of, and cooperation with the new processes that will enable these reforms to work on a sustainable basis.

The consumption side of GAP assistance has consistently reflected a positive view of the partnerships established with the Project. Evidence of this is indisputable:

- The large amounts of co-financing agreed to by the beneficiaries
- The substantial number of self-initiated activities (add-ons) that many municipalities contributed after implementing the core GAP reforms
- Overwhelmingly positive comments recorded by citizens in the “book of impressions” located in each citizen service center developed with GAP support
- The increased levels of citizen and business satisfaction measured through baseline and follow-up attitudinal surveys
- Substantially better municipal capacity indices across the board (as compared to results in the control group municipalities)
- Numerous requests from non-partner municipalities to join GAP

To summarize, all of the necessary ingredients for successful implementation of the Project were realized during the course of GAP, reflecting an unusually powerful shared-commitment among the key participants. It is therefore, not surprising that the Project achieved so much, in such a short period of time, and that a third donor has opted to join USAID and Sida to continue the program beyond the completion of GAP.

In these pages, on behalf of DAI and GAP, the Chief of Party respectfully acknowledges the contributions of the many that have made such a profound difference for the citizens of Bosnia and Herzegovina. A particular debt is owed to the first-rate team of GAP employees, most of whom contributed to this Completion Report.

Nevertheless, answerability for any errors or omissions in this Report is the sole responsibility of the Chief of Party who is honored to have been a part of this effort and privileged to now relate the story in this document.

Submitted:



Rudy F. Runko  
Sarajevo  
November 1, 2007

## EXECUTIVE SUMMARY

*“Many forms of Government have been tried and will be tried in this world of sin and woe. No one pretends that democracy is perfect or all-wise. Indeed, it has been said that democracy is the worst form of government except all those other forms that have been tried from time to time.”*

***Sir Winston Churchill**, circa 1947*

The Governance Accountability Project in Bosnia and Herzegovina, implemented by DAI, Bethesda Md., will be completed on November 26, 2007 about forty months following its inception on July 15, 2004. This completion report is submitted in fulfillment of the Project task order requirement to prepare a final report which...

“highlights accomplishments against the work plans, gives the final status of the objectives, benchmarks and performance indicators, addresses the lessons learned during implementation, and suggests ways to resolve any constraints identified and any opportunities for further refinement”

Since July 2004, through its effective program delivery, substantial accomplishments and demonstrated results, GAP has earned and sustained countrywide name recognition for excellence and competence. The Project acronym has virtually achieved an institutional status synonymous with municipal government reform.

The Completion Report will attempt to chronicle the reasons behind this phenomenon; however, two not so obvious characteristics of the Project may have contributed significantly to this outcome. First, although not generally emphasized in the Project design, GAP represents a massive information technology (IT) investment in hardware, software and most important, capacity building.

As recently as 2002, it would not have been considered reasonable in BiH that the municipal sector could have absorbed this IT responsibility. The raw statistics are awesome: in slightly more than three years, approximately 1,250 personal computer work stations, some seventy-five servers, three-hundred seventy printers and assorted other hardware and networking gear was procured, delivered, installed and placed into operation with state-of-the-art software applications in the partner municipalities.

Second, the Project has provided an enormous volume of practical, high-quality education and training. Although training is *essential* for successful technical assistance programs, the emphasis GAP accorded to this aspect of the Project clearly went beyond the usual level of attention to this important but often neglected sphere.

Again, the statistics tell the story: over one-thousand workshops, trainings and coaching sessions were conducted during thirty-nine months, comprising nearly 10,900 person-days of technical instruction (not including conferences, meetings, etc.). On average, this calculates to fourteen persons in some form of training during each and every business day of the Project!

On the basis of the foregoing two factors alone, it should be no surprise that GAP achieved such wide appreciation among Project beneficiaries, and singular acknowledgement for its successful program model. However, as the following pages will demonstrate, GAP was about much, much more than simply IT implementation and training.

To appreciate what GAP has done, one should visualize the situation that a citizen might have encountered in “city hall” prior to the introduction of citizen service centers. The setting was bleak, perhaps even hostile. Often, little or no information or signage would be readily apparent.

If the citizen was fortunate enough to speak to a municipal employee, that person was frequently rude, officious and largely uninformative. When they were eventually directed someplace, the citizen (i.e. customer) could be queued up for hours outside of a closed office door. If they were lucky, and it was not the wrong location, they might find themselves behind closed doors in the office of a bureaucrat who would do little to truly help the citizen.

The system was constipated; threatening at worst; and, frustrating at best. It bred corruption, from the simplest birth certificate request to the issuance of construction permits that could take months or years to complete.

Obviously, this was not the situation everywhere. However, it was prevalent enough as to be more than a caricature. Where it existed, the destructive affect on quality of life and the local economy was substantial.

Arguably, GAP did more to reverse this image during the last three years, than the sum of all previous efforts directed at local government. The new service model propagated by GAP offered amenities unimaginable to most citizens:

- An attractive, pleasant “one-stop-shop” where all business with the municipality could be transacted in an open, transparent environment.
- Information available in person, by telephone and in printed guides (including, importantly, cost of services).
- State of the art automation systems featuring document tracking, registrar information and permitting functions, among other services.
- Reengineered procedures that markedly improved efficiency.
- A sea change toward customer service orientation.

The citizen service center was the flagship activity, or the *gold standard*, of the municipal interventions program and its reputation for positive results spread quickly with significant numbers of non-GAP municipalities seeking to participate.

But still this does not yet begin to tell the story of GAP.

In 2005, USAID reported polling results that showed a majority of the citizens (more than fifty-three percent) favored the proposition that

“...decisions about collection and distribution of money needed for the needs of [the] community should be made by municipalities/cities...”

Yet, at the very time of the poll, the Governments of the Federation and the RS were on a path to deprive municipalities an equitable share of the new fiscal wealth about to be generated by value added taxation, which was to begin in 2006.

In one of the most astounding accomplishments that could have been envisioned, the GAP policy team, with extraordinary support from the United States and Swedish Embassies, and USAID and Sida, successfully overcame numerous obstacles in an effort that resulted in adoption of landmark revenue allocation legislation in the Federation and the Republic of Srpska.

In the Federation, where the prior system suffered ten different intergovernmental fiscal regimes controlled by cantons, the adopted Law successfully withstood two constitutional challenges, the effect of which was to even further strengthen local self-governance, and permanently secure the right of FBiH to regulate fiscal policy in the sphere of revenue allocation within the entity.

Now, not only do municipalities in Bosnia and Herzegovina have reliable and growing revenues to support their needs, but poorer cantons and municipalities will benefit from gradual introduction of horizontal fiscal equalization.

The effort also resulted in a significant role and visibility for the two entity municipal associations; thereby providing concrete accomplishments consistent with the task order directive to "...allow [the Associations] to develop into truly representative organizations that can effective[ly] advocate on behalf of local governments..."

For example, in the Republic of Srpska, the National Assembly adopted all of the amendments to the revenue allocation legislation proposed by the Association.<sup>2</sup> Furthermore, the Association was given a seat at the table, along with the Ministry of Finance, to monitor and improve the system in the future as necessary.

Additionally, representatives of the Federation Association of Municipalities and Cities were invited by the Constitutional Court to argue on behalf of the local government position. The constitutional debate along with two other GAP related activities, were featured in the Association monthly bulletin in March 2006.

A significant portion of the donor funds for the Project were dedicated to grants and other material assistance for partner municipalities (see page 5 of this Report). A Joint Management Committee<sup>3</sup> comprised of USAID, Sida and GAP carefully reviewed and endorsed all project selections for inclusion in the grants program.

Like any other component of GAP, the grants activity was part of a greater mosaic, each element working together with the rest, to forge comprehensive and sustainable solutions for the problems of local government in Bosnia and Herzegovina. Successful implementation of the grants program resulted in a number of direct and spillover benefits, the most important of which was the citizen participatory process for screening and selection of project proposals.

Following is a summary of some of the remarkable achievements delivered during the course of grants implementation and how this complemented or reinforced other GAP activities:

- The grants program funded the material assistance provided by GAP for the highly successful implementations of citizen service centers, municipal financial management systems and urbanism initiatives. In addition, a separate \$3.9 million infusion of community development grants was flawlessly executed.
- Practical knowledge of the public procurement law at the local level was virtually non-existent until the grants team procurement and contracting specialist, and the GAP policy team mounted a major program of informal and formal education initiatives to build municipal capacity. Now, more knowledgeable application of this law will result in fewer opportunities for corruption and greater access by the municipal sector to European Union pre-accession funds.

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<sup>2</sup> These amendments were drafted at a meeting of the Association presidency on March 28, 2006 in Modriča, where the GAP policy director participated in a technical support and advisory role.

<sup>3</sup> Established in accordance with the USAID Task Order with roles and responsibilities prescribed therein.

- As discussed in more detail in the following pages, public participation opportunities expanded greatly under the influence of the grants program. The following table displays the functional allocation of community development project grants totaling \$3.85 million. Extensive media campaigns and public outreach ensured that all of these projects reflect compelling local priorities.

**Table No. 1 - Functional Summary of GAP Community Development Grants**

Type of Project	Number of Projects	GAP Contribution (US\$)	Grantee Cost Share (US\$)
Citizens life quality improvement	48	1,367,445	517,724
Sport	28	708,856	243,052
Roads	18	463,215	414,945
Environment	13	322,624	40,265
Health	10	253,960	77,557
Water supply	10	236,210	249,759
Education	9	196,503	56,437
Sewage	6	155,176	115,929
Street Lighting	6	150,801	169,748
<b>TOTAL</b>	<b>148</b>	<b>3,854,790</b>	<b>1,885,415</b>

- During the implementation of more than two hundred executed grants, GAP experienced virtually no serious anomalies. When problems surfaced, they were addressed with alacrity.

In the only known case of misuse of grant funds, the miscreant was rapidly discovered by alert GAP staff, and subsequently prosecuted, convicted and imprisoned sending a strong, but sadly infrequent message, that international donors would not abide corruption, petty or otherwise.

In the aftermath, the Mayor of the municipality agreed to continue implementation of the youth-oriented project and it was eventually evaluated to be of “high” value.

The solid accomplishments within the grants program are all the more extraordinary when considered in the context of the limited timeframe under which GAP was constrained to work. This factor was cited in the findings of the independent assessment of the program commissioned by Sida in August 2006, especially with respect to insufficient time for establishment of community development planning committees (CDPC) and for scoring of proposals.

The fact that nearly two-thirds of the CDPCs survived beyond the implementation of the grants program, despite the fact that the schedule allowed only two weeks for their formation, is truly noteworthy<sup>4</sup> (see page 87 of this Report).

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<sup>4</sup> Experience from Poland indicates eighty percent of municipalities stopped using similar bodies and methodology once the donors were gone.

Finally, we should consider a footnote on the ubiquitous interventions of GAP in BiH, surely one of the important success factors and reasons for the outstanding reputation of the Project. For nearly three years GAP personnel covered the partner municipalities like a blanket. GAP vehicles logged some 825,000 kilometers of official travel over the course of the Project, averaging more than one-thousand kilometers every working day.

Amazingly, in a land notorious for its poor road system, the GAP fleet traversed the equivalent of every paved highway in the country twice per month!



# TABLE OF CONTENTS

Chapter Title	Page №
Foreword	i
Acknowledgement	iii
Executive Summary	v
List of Annexes	xiii
Abbreviations	xv
Chapter One: Introduction	
A. Project Identification	1
B. Project Context	4
C. Project Objectives and Approach	7
Chapter Two: Best Practices and Lessons Learned	
A. Good Practices	17
B. Lessons Learned	30
C. Resources and Tools	40
Chapter Three: Targets and Accomplishments	
A. Goals and Accomplishments	47
B. Interpretation of Accomplishments	63
Chapter Four: Impact	
A. Impact	69
B. Continuity	77
Chapter Five: Financial Summary	79



## LIST OF ANNEXES

<b>Annex №</b>	<b>Annex Title</b>	<b>Page №</b>
I	Indicators, Targets, Deliverables, and Accomplishments	81
II	Project Monitoring and Evaluation System	91
III	Project Documentation	119
IV	Companion Documents	125
V	Work Plan Activity Log (10/10/2007 - Final)	135
VI	Summary of GAP Training Events	153
VII	Activities Conducted by GAP During the Period September 16 to November 26, 2007	155



## ABBREVIATIONS

Acronyms are used sparingly in this report where the shorthand may help streamline the text or facilitate brevity. For the convenience of the reader, abbreviation references used in this and earlier reports are included in the following list and selectively within the body or footnotes of the report itself.

ADA	Austrian Development Agency
ADS	Automated Directives System
AED	Academy for Educational Development
ALPS	Administrative Law and Procedural Systems (USAID)
BiH	Bosnia and Herzegovina
BR&P	Business Registration and Permitting
CCI	Center for Civic Initiatives
CCN	Cooperating Country National
CDPC	Community Development Planning Committee
CEE	Central and Eastern Europe
CIP	Capital Improvement Plan
CoP	Chief of Party
CSC	Citizen Service Center (or “One-Stop-Shop”)
CSUI	Canton Sarajevo Urban Institute
CT	[Capital Improvement Plan] Coordination Team
DAI	Development Alternatives, Inc.
DFID	[United Kingdom] Department for International Development
EDC	Economic Development Council
EKN	Embassy of the Kingdom of the Netherlands in Sarajevo
EU	European Union
EUPPP	European Union Public Procurement Project
Euribor	Euro Interbank Offered Rate
FBiH	Federation of Bosnia and Herzegovina
GAP	Governance Accountability Project (USAID and Sida)
GAP2	Planned Continuation of the Governance Accountability Project (USAID, Sida and EKN)
GIS	Geographic Information System
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (a technical assistance agency of the Federal Republic of Germany)
HRIS	Human Resources Information System
IABS	Integrated Accounting and Budgeting System
IBHI	Independent Bureau for Humanitarian Issues
IC	International Community
IEOM	International Election Observation Mission
IRM	[USAID Bureau of Management] Office of Information Resource Management
ISO	International Organization for Standardization
IT	Information Technology
JMC	Joint Management Committee
LAN	Local Area Network
LED	Local Economic Development
LGI	Local Government Initiative
LGSA	Local Government Support Activity (USAID)
LoE	Level of Effort
LSG	Local Self-Government
MA	Municipal Assembly
MAN	Metropolitan Area Network

## ABBREVIATIONS (continued)

MC	Municipal Council (or Municipal Coordinator)
MCR	Management Consulting Report
MCI	Municipal Capacity Index
MDPC	Municipal Development Planning Committee (OSCE)
M&E	Monitoring and Evaluation [Program]
MEDI	Municipal Economic Development Initiative (USAID)
MFF	Multiyear Financial Forecast
MIFI	Municipal Infrastructure Finance and Implementation Project (OSCE)
MoF	Ministry of Finance
MoJ	Ministry of Justice
MoU	Memorandum of Understanding
MS	Microsoft
MZ	Sub-municipal unit of government (mjesne zajednice)
NGO	Non-Governmental Organization
NIS	Newly Independent States
OdRaz	Foundation for Sustainable Development in BiH
OSCE	Organization for Security and Cooperation in Europe
PAB	Policy Advisory Board
PKF	Pannell Kerr Forster International
PMP	Performance Monitoring Plan
POI	Public Outreach Initiative (Sida)
PPA	Public Procurement Agency
PTP	Participant Training Program (USAID World Learning)
REDAH	Regional Economic Development Agency of Herzegovina
RfP	Request for Proposals
RIC	Regional Information Center (Herzegovina)
RMAP	Rights-Based Municipal Assessment and Planning Project (UNDP)
RS	Republic of Srpska
SALA-IDA	Swedish Association of Local Authorities International Development Agency
SEK	Swedish Krona (ISO 4217 Currency Code)
Sida	Swedish International Development Cooperation Agency
SLGRP	Serbia Local Government Reform Program
SOA	Service Oriented Architecture (Novo Sarajevo urbanism initiative)
SOW	Scope of Work (or Statement of Work)
SPIRA	Streamlining Permits and Inspection Regimes Activity (USAID)
STTA	Short-Term Technical Assistance (or Short-Term Technical Advisor)
SUTRA	Support to Results-Based Approach (UNDP)
TA	Technical Assistance
TAMIS	Technical and Administrative Management Information System
ULMIS	Urban Land Management Information System
UNDP	United Nations Development Program
UPP	Urban Planning and Permitting
USAID	United States Agency for International Development
UWG	Urbanism Working Group
VAT	Value Added Tax
VNG	International Cooperation Agency of the Association of Netherlands Municipalities
WG	Working Group

## CHAPTER ONE: INTRODUCTION

### A. Project Identification

The Governance Accountability Project in Bosnia and Herzegovina (BiH) commenced on July 15, 2004 and will be completed on November 26, 2007. The Project is jointly funded by the U.S. Agency for International Development (USAID) and the Swedish International Development Cooperation Agency (Sida). The related contracts and respective values are:

Contract №	Description	Contract Value	US Dollar Equivalent
EEU-I-00-99-00012-00	USAID Task Order 805	US\$ 10,698,123 <sup>5</sup>	
A7602807	Sida Financing Agreement	SEK 75,425,000 <sup>6</sup>	10,334,907 <sup>7</sup>

GAP was conceived to build the capacity of a substantial number of municipalities to better provide their citizens with a service, policy and fiscal framework of good governance. The superb design of the Project by the donors, merged policy reform and practice, blended with targeted grants and customized solutions into a multifaceted approach to the problems of local government.

The approach to implementing GAP was straightforward: be strategic, flexible, and responsive; provide expert service; and focus on getting things done (i.e. results).

#### Contract Reference:

USAID Contract EEU-I-00-99-00012-00 Task Order 805, as amended  
Sida Financing Agreement Contribution Number 76003104, as amended

#### Client Contacts:

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Mario Vignjević	Sida National Program Officer
Marinko Šakić	USAID Program Manager
Nedim Bukvić	Sida National Program Officer

<sup>5</sup> Includes \$249,999 added by Task Order Modification № 5.

<sup>6</sup> Includes 425,000 SEK added in the initial Amendment to the Sida Financing Agreement.

<sup>7</sup> Estimated value as of September 15, 2007. At the time the Sida Financing Agreement was executed, the value of the Agreement was nominally \$10 million based on the currency conversion rate of 7.5 SEK to the dollar. Subsequent currency rate fluctuations during implementation of GAP resulted in changes to the contract value in dollar terms.

## A. Project Identification (continued)

During the course of the Project, a number of modifications were executed to USAID Contract EEU-I-00-99-00012-00 Task Order 805, as summarized below:

<b>Modification № and Date</b>	<b>Purpose</b>	<b>Completion Date Extended to:</b>
1. June 27, 2005	(i) Increase the total obligated amount by \$3.7 million; (ii) change the Key Personnel and Workdays Ordered; (iii) change the Authorized Geographic Code language; and (iv) add the Disability Clause and the new CDIE Clause.	NA
2. May 26, 2006	Increase the total obligated amount by \$3.8 million to fully fund the task order.	NA
3. May 4, 2007	(i) Extend the Task Order completion date by one month; (ii) delete component 4 “Municipal Loan Assistance / Packaging” including related language; (iii) delete the requirement for submission of annual reports; and (iv) change the Paying Office [to Sarajevo].	September 15, 2007
4. September 6, 2007	Extend the Task Order completion date by six weeks.	October 26, 2007
5. October 26, 2007	(i) Extend the Task Order completion date by one month; (ii) increase the ceiling price and obligation amount by \$249,999; and (iii) revise the budget and LoE table.	November 26, 2007

Three addendums, described on the following page, were also adopted for the Sida Financing Agreement dated July 21, 2004 (Sida Contribution №. 76003104). This Agreement is now valid through August 31, 2008.

## A. Project Identification (continued)

Addendum № and Date	Purpose	Funds Added (SEK)	US Dollar Equivalent
1. October 18, 2005 Sida Contribution № 76003623	Provide additional funds to implement a public outreach initiative as part of the GAP communication strategy.	425,000	\$55,591 <sup>8</sup>
2. September 4, 2007 Sida Contract № A7602807	Authorize subcontractor AED to perform certain tasks during a six-week extension period and authorizing expenditure of funds for that purpose.	NA	NA
3. October 26, 2007 Sida Contract № A7602807	(i) Extends the date when Sida's obligation to provide financing ceases, to 30 April 2008; (ii) extends the due date for a final financial report on GAP to 31 May 2008; and (iii) extends the validity date of the Financing Agreement to 31 August 2008).	NA	NA

<sup>8</sup> Actual final expenditures against the Sida Supplemental Agreement represented SEK 411,292

## B. Project Context

*“There will never be a really free and enlightened State until the State comes to recognize the individual as a higher and independent power, from which all its own power and authority are derived, and treats him accordingly.”*

***Henry David Thoreau, circa 1849***

### Background

In mid-2004 the environment in Bosnia and Herzegovina was just about perfect for the launch of the Governance Accountability Project. Among the most relevant and emergent considerations at the time were the following:

- USAID and Sida had a number of ongoing and completed municipal interventions that helped focus and define the forthcoming GAP program.
- In October of that year, direct election of municipal mayors would be held for the first time. Even though voter turnout was a modest forty-six percent, these elections represented “...a significant step forward for direct democracy at the local level”.<sup>9</sup>
- Value added taxation (VAT) would be implemented in BiH beginning January 1, 2006 and neither the entity governments nor the international community in general were addressing the opportunity to rationalize the intergovernmental fiscal structure. Reform was badly needed and municipalities were unable to collectively mount effective advocacy on their own behalf.

The catastrophic conditions in which municipalities operated in 2004 would worsen substantially if they did not receive an equitable allocation of indirect tax proceeds following introduction of VAT; especially because they faced elimination of the pre-existing sales tax upon which they had been highly dependent..

- In 2004 corruption, both petty and grand, still presented an obstacle to local development and growth. Although the perceived affect of corruption on registry and permit services in BiH was only slightly worse than the average for the sixty-two nations measured in that year’s survey by Transparency International, there is no question that BiH was suffering severely from rampant illegal construction and prohibitively long permitting procedures.

Also at the time GAP was launched, municipalities were the only governmental level that had not modernized their budget execution process following the 2001 USAID-led closure of the socialist-era payment bureaus, which had previously controlled all public sector financial transactions.

- On September 17, 2003, the High Representative established a Commission for Reforming the City of Mostar, which was charged with proposing legislation and implementation plans for unification of municipal structures in that City.
- The combined effects of (i) inadequate resources; (ii) excessive municipal staffing (which consumed disproportionately large portions of the budget at the expense of investments); (iii) lack of rational capital planning capacity; and (iv) restricted access to commercial credit sources, had left local governments in a precipitous state of physical infrastructure decay.

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<sup>9</sup> International Election Observation Mission (IEOM).

## B. Project Context (continued)

### Background (continued)

To address these and other issues, the client donors undertook a multi-faceted four component contract with Development Alternatives Incorporated as the selected implementing partner, following a competitive tender.

Separate resources were reserved within the contract to deal with the special case of Mostar City, and with public outreach training as part of the GAP communication strategy. In broad terms, the forty-month effort was funded approximately as follows:

Project operations	\$12,250,000 <sup>10</sup>
Material assistance to support municipal interventions	4,000,000
Material assistance to support community development grants	4,000,000
Support for the Mostar consolidation effort	450,000
Public Outreach Initiative	55,000
<b>TOTAL</b>	<b>\$20,755,000</b>

### Problem Statement

The problems confronting municipalities in 2004, which were endemic, deep-rooted and intractable, are briefly summarized below:

- *Resource problems.* The municipal sector in BiH comprised only eight percent of total public spending, well under regional norms. Worse, in the Federation, cantonal control over transfers to municipalities resulted in the absurdity of ten different systems of intergovernmental finance within this entity whose population numbers less than 2.3 million. If that alone was not bad enough, cantons were often arbitrary in implementing their own laws and regulations involving municipal transfers.

Finally, the disparity in per capita revenue had created palpable extremes between relatively well-off and poorer municipalities, with little hope of leveling the fiscal gap without some effective equalization measures.

- *Administrative and financial management problems.* Few local government administrative procedures were automated, transparent, efficiently delivered or documented (except in municipalities that enjoyed previous assistance). The result was a growing backlog of cases, unnecessarily long processing times, and an environment consistent with opportunistic corruption.

Financial management was likewise suffering from substantial inattention and lack of up-to-date tools and procedures. Although the Organization for Security and Cooperation in Europe (OSCE) and others had initiated some projects in this sphere beginning in 1999,<sup>11</sup> these efforts were difficult to sustain for a number of reasons, usually related to the functionality of the software application and need for more intensive user preparation.

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<sup>10</sup> Including \$249,999 added in accordance with USAID Task Order Modification № 5.

<sup>11</sup> Especially the MIFI project (Municipal Infrastructure Finance and Implementation).

## B. Project Context (continued)

### Problem Statement (continued)

- *Public outreach, and citizen input and participation.* It is generally acknowledged and supported by polling data, that citizens most closely relate to and trust the local level of government. Nevertheless, opportunities for citizen input and participation had been relatively limited and not widely encouraged.
- *Problems of ineffective advocacy to resolve common issues of municipalities.* Possibly excepting the sphere of organized labor, little enthusiasm for or awareness of the potential benefits of collective action existed in BiH. The writer experienced this phenomenon directly in 2003 in a failed effort to generate interest in forming an association of government treasurers to address common concerns to higher level jurisdictions. Such action was apparently outside the cultural norms of public sector employees.

This indifference probably contributed to the severe state of atrophy that afflicted both entity municipal associations in 2004. Rank and file membership support was minimal or nonexistent, no services were available and at least in one case, old-line leadership did nothing but work to preserve personal power and perquisites.

In the Federation, the possibility for collective action by municipalities was further weakened by their subordination within ten disparate cantons and the lack of an entity-level ministry with sole responsibility for the municipal sector.<sup>12</sup>

- *Physical infrastructure problems.* Municipalities could not borrow in the former Yugoslavia, accordingly the most common and fiscally prudent mechanism for financing local infrastructure was, and largely still remains, out of reach of BiH municipalities.
- *Vertical distribution of functional responsibilities.* No clear definition of the rights and responsibilities of municipalities in relation to those of cantons and entities existed in 2004. On the contrary, numerous shared or *ad hoc* responsibilities have resulted in an environment where no one is held accountable for services.

In fact, according to the mayors, often their constituents hold them responsible for the failures and inefficiencies of higher-level governments, solely because they are the frontline interface between the citizen and public institutions.

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<sup>12</sup> Federation responsibilities for local self-government are relegated to the Institute for Public Administration, an organ of the FBiH Ministry of Justice.

## C. Project Objectives and Approach

### Donor Objectives

The concept of the Governance Accountability Project obviously was formulated to support the strategic objectives of USAID and Sida in Bosnia and Herzegovina, and by any measure the Project has succeeded in doing so.

**USAID Strategic Objective 2.1** A more participatory, inclusive democratic society

**Program Objective 1:** Improve the ability of municipalities to serve their citizens

**Program Objective 2:** Support a policy and fiscal framework conducive to accountable democratic governance

**Sida support in BiH directed to:** Democracy and good governance  
Help the country build an effective state apparatus at the national and local level and boost economic growth.

These were the pillars that shaped the DAI technical proposal, the GAP task order and the series of Project work plans. Every GAP activity, to some degree, supported the aforementioned donor objectives *vis à vis* the local government sector in BiH.

As this Report will demonstrate, partner municipalities (and to a certain extent local government in general) now exhibit *greater citizen participation, inclusive democratic governance, improved capability to serve their constituency, strengthened fiscal capacity and accountability, and a more business friendly environment.*

### Project Objectives, Deliverables, and Goals

Four general goals of the Project were articulated in the GAP task order. This Completion Report describes in depth with considerable quantitative evidence and qualitative observation how the following Project goals were addressed:

- Dramatically improve the customer service profiles and the administrative management systems of at least forty local governments
- Raise levels of transparency and information flow both within local government departments and to citizens and businesses
- Empower local governments through expanding their control over revenues and expenditures by providing technical assistance in fiscal management and human resource management.
- Provide technical and limited material assistance to Mostar in consolidating from six municipalities into one, and in professionalizing the unified municipal administration

These broadly stated Project goals were further defined into sixteen specific objectives, or Project deliverables (referenced as “desired GAP performance results” in the task order). As described later in this Report, work on one of the sixteen deliverables was suspended at about the midpoint of the Project at the request of the clients and subsequently officially dropped from the GAP task order.

## **C. Project Objectives and Approach (continued)**

### **Project Objectives, Deliverables, and Goals (continued)**

The original sixteen Project deliverables are listed below. A full discussion of the extent to which GAP satisfied these contract requirements is provided in Chapter Three with additional supporting details offered in Annex I of this Report.

1. By the end of the activity, at least forty local governments will function substantially better and provide superior service, with both citizens and businesses registering significantly increased satisfaction with municipal institutions.
2. Target municipalities will demonstrate superior service delivery in a series of objective measures, including reduced waiting times and efficiency improvements.
3. Target municipalities will demonstrate ownership of reforms by their ability to instigate and sustain functional improvements of their own accord.
4. Target municipalities will have undertaken at least three major steps to improve the business environment.
5. Target municipalities will have made at least three major improvements to raise levels of transparency and information flow within municipal structures and to citizens.
6. Target municipalities will be better able to make educated decisions on revenue collection and outlays.
7. Target municipalities will have modern, formalized – a to the extent possible, uniform – budget/finance systems in place and utilized.
8. Target municipalities will demonstrate significant progress in own revenue generation and in raising the ratio of capital outlays to operating expenses.
9. The policy framework will be improved to allow for substantially increased local autonomy in decision-making and finances.
10. VAT revenue-sharing formulae will include reasonable and predictable revenue transfers to the municipal sector. Inter-governmental revenue sharing formulas will be in line with best practices from elsewhere in the region.
11. Cantonal supervision/control over municipal finances and municipal affairs will be substantially reduced.
12. Municipalities will be able to effectively advocate collectively for necessary administrative and legislative changes.
13. Municipalities will have collectively achieved at least one policy victory with minimal Contractor involvement.
14. Municipalities will share information through regularized channels and will be open to cooperation and joint interest representation with other municipalities.

## C. Project Objectives and Approach (continued)

### Project Objectives, Deliverables, and Goals (continued)

15. Municipalities and banks will be more knowledgeable about medium and long-term municipal loan products.
16. At least fifteen loan packages will be submitted with the assistance of GAP. At least eight loans will be approved following GAP assistance. **NOTE:** *This deliverable was deleted from the GAP task order by modification approved on May 4, 2007.*

### Project Approach

The DAI approach to implementation of GAP is detailed in three annual work plans describing over three hundred activities that have been approved by the clients during the various stages of Project rollout (see Annex V; Work Plan Activity Log). The essential elements of the approach are highlighted in the following summarization:

- Definition of four GAP geographic regions for program delivery, related field offices and regional coordination staff (Mostar, Banja Luka, Tuzla and, also serving as the GAP main office, Sarajevo).
- Establishment of an integrated Project organization structure broadly classified as municipal interventions, policy interventions, grants, monitoring and evaluation, and operations.
- Implementation of a two-cohort partner municipality selection process meeting the criteria set forth by the donors.
- Designation of a senior official in each partner municipality to serve as GAP Coordinator. This person is the day-to-day facilitator between GAP personnel and the relevant municipal institutions. In addition, working groups, advisory boards, committees or other participatory bodies were established as appropriate.
- Completion of a thorough needs assessment for each partner municipality in order to prepare a customized technical assistance package most closely related to the situation in each municipality.
- Execution of a memorandum of understanding with each Mayor defining general responsibilities of each party in a jointly agreed agenda for implementation of GAP in the respective jurisdiction.
- Preparation of scope of work agreements between the municipality and GAP setting forth detailed schedules, budgets, cost sharing and other elements of each technical assistance component.
- Delivery of technical assistance using Project specialists, municipal coordinators and short-term technical advisors as necessary.
- Follow-up, troubleshooting, performance auditing, and general maintenance and support as required to ensure improvements are sustained.

## C. Project Objectives and Approach (continued)

### Project Approach (continued)

- Although largely focused on higher level government (e.g. cantons and entities) and municipal associations, the approach to policy intervention shares many similarities with the foregoing, such as:
  - ✓ Cooperative arrangements with entity Ministries of Finance were defined in memoranda of understanding.
  - ✓ Use of working groups and other bodies to build consensus on policy questions.
  - ✓ Delivery of technical assistance using policy specialists and short-term technical advisors.
- The grants component of GAP was an integral part of the municipal and policy interventions approach to the Project, from the initial selection of partner municipalities to ex-post audits, for example:
  - ✓ Most of the material support to partner municipalities was provided through grants.
  - ✓ Community development projects in selected municipalities were processed through the GAP capital improvement planning methodology.
  - ✓ Extensive local capacity building was realized through the public procurement support originally provided during the grant implementation process, and subsequently extended with GAP policy initiatives.
- The GAP approach to the monitoring and evaluation program (more thoroughly described in Annex II) is also fully integrated into the overall Project implementation. Based upon a tripartite system involving the performance monitoring plan, municipality capacity index and citizen attitudinal surveys, the M&E program variously conducted quarterly, semi-annual and annual measurements and data analyses.

Project management, to determine whether corrective action or revised technical assistance was necessary, routinely evaluated the results of these periodic reviews.

### Project Management

#### Project Team (Subcontractors)

GAP was implemented by the following consortium of international and local partners that have cooperated with DAI on this effort, and whose contributions were vital to the completion of the Project:

Academy for Educational Development (selected pursuant to Sida Procurement Guidelines)  
Enterprise Development Agency  
IGE Consulting, Ltd.  
Independent Bureau for Humanitarian Issues  
Social Impact  
Swedish Association of Local Authorities International Development Agency

In addition, the primary software provider was Itineris Tuzla, d.o.o., also selected following an open tendering process in accordance with Sida Procurement Guidelines.

## C. Project Objectives and Approach (continued)

### Project Management (continued)

#### Project Team (Personnel)

The following roster represents the personnel of GAP, current and former, since the inception of the Project. Each of these people made their own vital contribution to the success of the GAP, which was truly, in every way a team effort. Whatever the extent the quality of citizen services has improved during the past three years in BiH municipalities, it is ascribable to the efforts of this team.

<b>Name</b>	<b>Title</b>
<b><u>Sarajevo Main Office</u></b>	
Meliha Arslanagić	Grants Program Manager
Halko Basarić	Grants Coordinator
Mersad Beglerbegović	Policy Advisor
Amira Busuladžić	Urbanism Specialist
Fatima Čeligija	Driver SA
Muris Čeljo	IT Systems Manager
Mirna Čolić	Project Accountant
Jasmina Dimač	Grants Accountant
Jasmina Đikić	Fiscal Policy Advisor
Sanin Džidić	M&E Specialist
Milojka Golijanin	Support Staff
Håkan Gustafsson	Director of Municipal Interventions
Edina Hadžiahmetović	Procurement and Contracting Specialist
Elizabeth Holt	Operations Manager
Alen Kadić	Driver/IT Assistant
Sadeta Kadunić	Junior Accountant
Jasna Kulina	Assistant Office Manager
Huso Kurtović	Support Staff
Saša Leskovac	Field Operations Director
Jagoda Ljuboja	Interpreter/Translator
Nikica Lubura	Interpreter/Translator
Tatjana Muhić	Regional Coordinator
Šejla Mujanović	Legal Policy Advisor
Aida Muminović	Receptionist
Aida Pajević	Grants Coordinator
Muhidin Pašanović	Senior Driver
Vlasta Perla	Human Resources & Office Manager
Alija Ramović	IT Management Specialist
Biljana Ristić	Support Staff
Rudy F. Runko	Chief of Party
Denisa Sarajlić-Maglič	Policy Director
Anesa Šehalić	Budget and Financial Management Specialist
Ahmed Sijerčić	Senior Citizens Services Specialist
Edvin Smajić	Municipal Coordinator
Slaviša Šučur	Policy/Association Advisor

## C. Project Objectives and Approach (continued)

### Project Management (continued)

#### Project Team (Personnel) - continued

<b>Name</b>	<b>Title</b>
<b><u>Tuzla Field Office</u></b>	
Mirela Alić	Project Administrator
Merdža Handalić	Municipal Coordinator
Meliha Memišević	Grants Coordinator
Subhija Ponjavić	Regional Coordinator
Jasmina Sačević	Support Staff
Esad Smajlović	Municipal Coordinator
<b><u>Banja Luka Field Office</u></b>	
Milun Grahovac	Municipal Coordinator
Stojan Jungić	Driver
Brankica Lenić	Local Policy Advisor
Tanja Mihajlović	Municipal Coordinator
Siniša Petrović	Municipal Coordinator
Darvila Radulj	Support Staff
Slavica Rokvić	Regional Coordinator
Borko Stajčić	Project Administrator
Gordana Šašić	Grants Coordinator
<b><u>Mostar Field Office</u></b>	
Emira Behamović	Support Staff
Zlatan Buljko	Municipal Coordinator
Nasuf Hidović	Driver
Jasmina Repak-Žuljević	Grants Coordinator
Elma Schuster	Project Administrator
Anita Soće	Municipal Coordinator
Velibor Sudar	Municipal Coordinator
Mirela Suton	Regional Coordinator
<b><u>Former Employees</u></b>	
Samir Čehajić	Grants Accountant
Zoran Ereiz	Grants Coordinator
Damir Hadžić	Regional Coordinator
Džemal Hodžić	Municipal Coordinator
Christine Jasper	Grants Program Manager
Zehra Kačapor	Grants Coordinator
Željka Kovačević	Project Accountant

## C. Project Objectives and Approach (continued)

### Project Management (continued)

#### Project Team (Personnel) - continued

Name	Title
<b><u>Former Employees (continued)</u></b>	
Nataša Musa	Grants Coordinator
Zlatan Musić	Municipal Coordinator
Ranka Ninković	Transparency & Public Procurement Specialist
Emily Parkinson	Operations Manager
Ahmed Rifatbegović	Project Administrator
Robert Sanders	Chief of Party
Ismar Šabović	Municipal Coordinator
Fuad Šehić	Grants Coordinator
Rasim Tulumović	LED Specialist

#### Counterparts

The single largest group of local government counterparts for the Project was the Mayors and GAP Coordinators in each of the forty-one partner municipalities listed on the following page. The Mayors, all whom are signatories to memoranda of understanding with GAP, represent the municipal leadership commitment to the Project at the highest level.

The improvement to citizen services achieved during implementation of GAP would not have been possible without the strong support of these chief executives and the substantial local cost sharing they were able to extract from their respective municipal councils and assemblies.

Equally important were the GAP Coordinators appointed within each municipality. This cadre had the responsibility to ensure that their respective mayoral policy decisions involving the Project were actually carried out on the ground.

The Coordinators represent an extraordinarily accomplished group both as to education and professional achievements. Over eighty percent have earned a university degree and most of the rest are holders of an associate degree. Almost forty-four percent of the Coordinators are deputy mayors or department heads in their respective municipalities.

GAP also relied heavily on cooperation with government and other officials from the municipal associations; state, entity and cantonal institutions; and the parliamentary bodies. These individuals, as well as several deeply committed mayors, were instrumental in the partnership that resulted in many dramatic policy reforms delivered by GAP. The most significant of these counterparts are listed in the following pages.

## C. Project Objectives and Approach (continued)

### Project Management (continued)

#### Counterparts (continued)

<b>Municipality</b>	<b>Mayor</b>	<b>GAP Coordinator</b>
<b><u>First Cohort Municipalities (designated January 17, 2005)</u></b>		
Banja Luka	Dragoljub Davidović	Biljana Birač
Bihać	Hamdija Lipovača	Sinha Kurbegović
Bosansko Grahovo	Duško Bilčar	Miroslav Bilčar
Breza	Seid Smailbegović	Omer Omerhodžić
Drvar	Anka Papak-Dodig	Miroslav Jaglica
Fojnica	Salkan Merdžanić	Dženita Topalović
Goražde	Mustafa Kurtović	Enver Adžem
Jablanica	Salem Dedić	Zanin Murvat
Lopare	Mitar Zarić	Slavko Vasiljević
Ljubuški	Nevenko Barbarić	Ruža Bošnjak
Mostar	Ljubo Bešlić	Predrag Šupljeglav
Mrkonjić Grad	Zoran Tegeltija	Divna Aničić
Novo Sarajevo	Nedžad Koldžo	Gordana Pećanac
Prozor-Rama	Jozo Vukoja	Mato Marušić
Rogatica	Tomislav Batinić	Uzeir Kurtić
Sanski Most	Sanjin Halimović	Behija Švraka
Srebrenica	Abdurahman Malkić	Ramo Dautbašić
Tomislavgrad	Zdravko Prka	Ivan Krstanović
Trebinje	Dobroslav Ćuk	Dejan Janković
Tuzla	Jasmin Imamović	Zdravko Đuranović
Velika Kladuša	Admil Mulalić	Senad Šehić
Vlasenica	Dragomir Stupar	Aleksandra Milanović
Vukosavlje	Amir Zahirović	Dževad Džambo

#### **Second Cohort Municipalities (designated January 31, 2006)**

Bugojno	Hasan Ajkunić	Dženana Abdalajbegović
Bužim	Jasmin Emrić	Nedžad Kudelić
Čelić	Sead Muminović	Nermin Okanović
Doboj Istok	Mehmed Mehinović	Mustafa Mujkić
Foča	Zdravko Krsmanović	Bojana Marić
Gradačac	Ferhat Mustafić	Hajrudin Hasanbašić
Gradiška	Nikola Kragulj	Vlado Sladojević
Kakanj	Mensur Jašarspahić	Medžid Bajrić
Kalesija	Rasim Omerović	Hajrudin Husejnović
Konjic	Emir Bubalo	Fadil Tatar
Nevesinje	Branislav Miković	Milena Damjanac
Posušje	Ante Bošnjak	Ivana Arapović-Galić
Rudo	Milko Čolaković	Snežana Bošnjaković
Srbac	Mirko Kojić	Dragan Tovilović
Teslić	Rade Pavlović	Vojko Pozderović
Travnik	Tahir Lendo	Amra Đelilbašić
Vogošća	Asim Sarajlić	Zdenka Jagar-Boričić
Živinice	Hasan Muratović	Salkan Butković

## C. Project Objectives and Approach (continued)

### Project Management (continued)

#### Counterparts (continued)

<b>Institution</b>	<b>Name</b>	<b>Title</b>
<b><u>Municipal Associations:</u></b>		
Federation of BiH	Ljubo Bešlić	President
	Vesna Travljanin	Secretary
	Elvira Imširović Bolić	Legal Advisor
Republic of Srpska	Radomir Kezunović	President
	Brano Jovičić	Secretary
<b><u>State, Entity and Canton Officials:</u></b>		
BiH Public Procurement Agency	Dinita Fočo	Director
BiH Indirect Tax Authority	Dinka Antić	Macroeconomic Analysis
	Jozo Piljić	Department for Taxes
FBiH Ministry of Finance	Hajrudin Hadžimehanović	Ass't Minister Fiscal Policy
	Tihomir Ćurak	Ass't Minister Public Debt
	Nermina Eminović	Fiscal Policy Unit Chief
FBiH Ministry of Justice	Feliks Vidović	Minister
	Džemal Mutapčić	Former Ministry
Zenica-Doboj Ministry of Justice	Miroslav Penko	Minister
Central Bosnia Ministry of Justice	Novak Jotanović	Minister
RS Ministry of Finance	Aleksandar Džombić	Minister
	Željko Ćulum	Ass't Minister for Treasury
	Božidar Plavljanin	Ass't Minister for Budget
	Nena Crnić	Revenue Allocation Chief
	Miodrag Kudić	Former Assistant Minister
RS Ministry of Justice	Omer Višić	Minister
<b><u>Parliamentarians and Assembly Members:</u></b>		
FBiH House of Representatives	Ante Čolak	Member
	Zahid Mustajbegović	Member
	Kemal Begović	Secretary Committee for LSG
	Josip Merdžo	Former Deputy Chair
	Izudin Kešetović	Former Head Budget Comm.
	Hafeza Sabljaković	Former Head Committee LSG
	Omer Hujdur	Former Member
	Bakir Izetbegović	Former Member
FBiH House of Peoples	Svetozar Pudarić	Member
	Alija Begović	Former Head Committee LSG
RS National Assembly	Igor Radojičić	Chair
	Uroš Gostić	Member Comm. Econ. & Fin.
	Branislav Stojanović	Former Member



## CHAPTER TWO: GOOD PRACTICES AND LESSONS LEARNED

### A. Good Practices

*"Maybe the most any of us can expect of ourselves isn't perfection but progress."*

***Michelle Burford**, circa 2003*

The term "best practices" in the development context is overused and should be qualified. The goal is always to introduce best practices for the environment in which the activity is taking place. So-called "best" practices from other countries, transition or otherwise, may not be applicable, or better than indigenous practices, in the context of Bosnia and Herzegovina. What may represent best practice in Kosovo, for example, may be inapplicable or inadequate in BiH.

Accordingly, the discussion in this section will feature the application of good practices within the municipal and policy interventions components of GAP. In simplest terms, good practices are those that yield positive results.

#### **Good Practices Promoted by GAP**

- One-stop-shop citizen service centers
- Permit centers - for modernized planning and permitting practices using geographic information system (GIS) technology
- The concept of business friendly municipalities
- Leadership roundtables for municipality dialogue with business
- Citizen participation and transparency initiatives; public hearings
- Capital improvement planning
- Integrated financial management system (software)
- An objective intergovernmental finance system with direct transfers to the local level and some degree of horizontal fiscal equalization
- The use of working groups to develop consensus solutions
- Engagement of mayors, municipal staff, government and parliament representatives in all phases of policy reform to create a sense of ownership.
- Harmonized regulation of local self-governance at the entity level
- Promotion of stronger, more self-reliant municipal associations providing effective member services and advocacy for the local government position at higher levels
- Mjesne zajednice (MZ) as a uniform mechanism of citizen participation with a long tradition in Bosnia and Herzegovina.

#### **Discussion**

##### *One-Stop-Shop Citizen Service Centers*

The GAP citizen service center (CSC) embodies a shift on the part of municipal government to a "customer-orientation" focus. These centers provide superior service through:

- Transparent procedures and services provided in one place with easily accessed information for citizens through a document tracking system

## A. Good Practices (continued)

### Discussion (continued)

#### One-Stop-Shop Citizen Service Centers (continued)

- Processes that makes ISO<sup>13</sup> certification faster and easier
- A trained staff reoriented toward customer service, which has resulted in significantly improved citizen satisfaction
- Local area networks (LAN) that connect the front-line desk in the citizen service center with relevant municipal department back offices and also integrate the CSC with financial management and urban management systems
- Periodic performance auditing - ensuring continuous progress and no backsliding to use of old systems
- Mechanisms for continuous review and improvement (e.g. oversight advisory boards, complaint procedures, surveys, performance audits, and document tracking)

Good practices within this technical assistance package include the following:

- Clear definition of steps necessary for development of a CSC including initial assessments and process reengineering ("How to Establish a Citizen Service Center Manual")
- Focus on complete understanding and agreement on outcomes by the municipal partner prior to changes
- Active commitment and true sense of ownership by municipal partners throughout the process
- Capacity building of municipal staff (customer orientation, training on application software, presentation and management skills)
- Constant monitoring and evaluation follow-up
- To ensure sustainability of results, include independent mechanisms for performance oversight and review (e.g. public opinion research, CSC advisory boards, ISO compliance, complaint procedures)

#### Permit Centers - For Modernized Planning and Permitting Practices Using Geographic Information System (GIS) Technology

Urban permit centers improve accuracy, reliability and reduce the time and costs for citizens and investors to obtain urban, construction and use permits through streamlined procedures. They are also important for reformed land-use control systems that are transparent with digitalized and systemized information.

The permit center was introduced by GAP initially through pilot projects in the four largest partner municipalities. This effort later expanded to an additional six municipalities with high transaction volumes in the urban department. The reform includes:

- Computer hardware and geographic information system and permitting software linked in local area networks
- A central GIS database interactively accessible to all participants in the urban planning and permitting processes
- Agreements between the municipality and (i) external participants in the permitting process, including water, sewage, electricity and telephone utilities; (ii) other institutions relevant to

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<sup>13</sup> International Organization for Standardization

## **A. Good Practices (continued)**

### **Discussion (continued)**

#### *Permit Centers - For Modernized Planning and Permitting Practices Using Geographic Information System (GIS) Technology (continued)*

the planning and permitting process, including urban institutes, municipal line departments, cadastre, housing and public works agencies, and (iii) higher level ministries (environmental, heritage protection, transportation, forest and agriculture)

- Introduction of a more flexible regulatory option through zoning; this approach is more responsive to free market system needs and includes the “development-as-of-right” principle important to potential investors
- Offering citizens and investors pre-application consultations with municipal planning and permitting expertise
- Enabling an interactive information system for urban land management (so called “ULMIS”); the permitting process is linked to the document tracking system, enabling applicants to obtain information on the status of their request either in the permit center or through the internet.

#### *The Concept of Business-Friendly Municipalities*

Business friendly municipalities offer local government, the private sector, the nonprofit sector and the local community an opportunity to work together to improve conditions in the local economy. To be "business friendly" the municipality should:

- Provide excellent services to businesses and citizens, and
- Develop a local economic development strategy based on dialogue with the business community and others.

GAP has been active in assisting partner municipalities in both of these areas, based on local request and following a needs assessment.

Regional development agencies, which relate closely to municipalities, are also important support for economic growth. Economic development strategy should be an integral component of municipal budget, capital investment, and urban planning. Absent this, it may be impossible to achieve expectations.

The GAP approach has been to focus on the mayoralty as the prominent leader for policy orientation and on promoting dialogue, better information about municipal services, and coordinating actions by the municipality on capital investments and urban planning. A guide, *Business Friendly Municipalities*, prepared by GAP supports this methodology.

This concept represents a departure from previous attempts in BiH to separate economic development from other municipal activities.

#### *Leadership Roundtables for Municipality Dialogue with Business*

The leadership roundtable or forum was established to improve dialogue between municipalities (mayors) and the business community. Municipalities provide several services that contribute to a business friendly environment. With input from the business community, municipalities have a better understanding of how to promote a viable local economy. For this to happen meetings such as roundtables should be regular, inclusive (involve businesses, NGO's etc), open for discussions on all issues and be lead by mayors.

## **A. Good Practices (continued)**

### **Discussion (continued):**

#### Leadership Roundtables for Municipality-Business Dialogue (continued)

They also provide information to the local administration on private sector needs and options for strategic initiatives and investment that the municipality can make to improve the local business climate and image.

Leadership roundtables can also contribute to various partnerships needed to build a better community and options to outsource activities from the municipal administration. Roundtable topics may include job creation, business retention, new business development and territorial marketing.

#### Citizen Participation and Transparency Initiatives; Public Hearings

Community development planning committees (CDPC) established by GAP support direct involvement of citizens, associations, nongovernmental organizations, interest groups, and enterprises in municipal planning and development. In addition, CDPCs screened and selected community-oriented project proposals for grants from GAP.

In policy work, public hearings enabled wider circles of the public at-large and all citizens to comment on legislation and provided an opportunity for amendments prior to adoption. They also helped raise overall awareness of on-going reforms and provided additional input to legislators on how proposed reforms could influence different levels of government or interest groups.

#### Capital Improvement Planning (CIP)

The GAP methodology for CIP includes guidelines for establishment of five-year capital improvement plans, capital improvement coordination teams, adoption of rulebooks and municipal budget calendars, survey instruments and focus groups to determine citizen investment priorities; community planning meetings and budget hearings to develop and examine capital improvement plans; and project tracking software to monitor the actual execution of investments.

- The five-year CIP ensures transparent and professional objectivity in which citizen priorities are taken into consideration;
- The process ensures more structured and timely budget planning, and citizen participation in the process providing municipalities with better insight into citizen needs;
- Mayors of several non-CIP municipalities recognized the value of the methodology and additional training sessions were organized for these municipalities.
- A number of municipalities received foreign donations for projects that emerged as result of the CIP methodology.
- Citizen participation in funding of capital projects increased in partner municipalities because of the methodology.

Further, the capital improvement planning manual and training program together with the integrated accounting and budgeting software support the introduction of a legal, practical accounting and budgeting methodology for segregating capital revenues, or earmarking revenues for funding capital projects and potential debt, and allowing full transparency and disclosure of such accounts. The CIP process also linked directly to the revenue and expenditure-forecasting tool implemented in year one of the Project.

## **A. Good Practices (continued)**

### **Discussion (continued)**

#### *Integrated Financial Management System (Software)*

The software application was improved, strengthened and customized through joint efforts of GAP, the software provider and end-user representatives. The financial management system consists of ten integrated modules:

1. General ledger,
2. Budget,
3. Payroll with personnel records and human resources management,
4. Cash management,
5. Procurement – purchase orders,
6. Fixed assets,
7. Small inventory - office supply,
8. Accounts payable,
9. Accounts receivable, and
10. Cost accounting.

Because the system is fully integrated, the financial transactions are automatically posted from other modules to the general ledger as soon as they are entered into the system. This new tool improves municipal financial management practices significantly. The software provides:

- Efficient production of all legally prescribed financial reports such as trial balance, balance sheet, income statement, expense statement and other specific reports that may be required by municipal management.
- Integration of revenue generation departments (communal affairs, urban department, etc.) in the system through the accounts receivable module; revenue transactions are automatically posted in the general ledger ensuring the timeliness and transparency of the revenue collection process.
- Timely and reliable information, which is crucial for quality decision-making; all municipal activities that generate financial transactions will be recorded using this system and it will generate reports to municipal administration and management as needed.

#### *An Objective Intergovernmental Finance System with Direct Transfers to the Local Level and some Degree of Horizontal Fiscal Equalization*

The revenue allocation system in each entity is now based on objective criteria, and has introduced an increase in the municipal share of indirect tax revenue. The result was a 42.8 percent increase in indirect tax local government revenue in the Federation, and a 22.9 percent increase in the Republic of Srpska in 2006.

Because the rules for regulating revenue sharing are now in entity Law, the Federation municipalities will enjoy a more harmonized intergovernmental finance system. For the first time they will receive revenues directly from the entity level, without any possibility of cantonal interference.

The old revenue allocation system was origin-based, resulting in unequal development at the local government level, and jeopardizing provision of basic services in poorer local governments. A criterion-based system providing strong equalizing coefficients has now been adopted. This redistribution of revenue will help municipalities provide the basic services to their citizens and allow for more even development.

## A. Good Practices (continued)

### Discussion (continued)

#### *The Use of Working Groups to Develop Consensus Solutions*

Working groups have been an effective forum for gathering key stakeholders outside of their formal institutions, in order to work jointly on initiating, formulating and achieving consensus on policy solutions. Participants addressed problem issues, were deeply involved in policy analysis, and discussed simulations of possible solutions. Working groups provide an opportunity to discuss and find compromise solutions inside a smaller group, before such solutions are presented to formal institutions.

In addition, members of the working groups gained knowledge that they were able to convey and disseminate through their institutions and parties in order to build support and promote desired policy solutions.

#### *Engagement of Mayors, Municipal Staff, Government and Parliament Representatives in all Phases of Policy Reform to Create a Sense of Ownership*

Often, projects working on policy reform operate in isolation from the formal policy-making process, or involve decision-makers at a late stage. As a result, these projects face significant obstruction and difficulty when they seek belatedly to engage relevant stakeholders.

On the other hand, early involvement of all relevant decision-makers (mayors, municipal staff, government and parliamentary representatives) in all stages of the policy reform process creates a true sense of ownership and substantially improves the prospects for success. Key steps in employing this methodology include:

- Problem analyses have involved some or all of several tools: surveys and questionnaires of municipal and cantonal representatives (focusing on specific legislation), round table discussions with experts moderating and guiding discussion, and direct interviews with stakeholders.
- Solution-finding employed thorough analyses of information collected through research. With relevant expertise, GAP facilitated a process where working group members compared proposed options against technical solutions and practice in regional and other transition countries that had undergone similar reforms.

Several study tours helped raise awareness of possible solutions found in the broader region, and possibilities to integrate and adapt them to BiH conditions.

- The legislative drafting phase gathered the working groups (legal experts together with other participants) on several occasions, in meetings, presentations, workshops or retreats, to jointly draft legislation based on consensus solutions.
- Policy promotion involved conferences on specific policy proposals, as well as presentations or meetings with government representatives, parliamentary committees and party representatives. Because the early stages of consensus building would usually result in a solid constituency behind the proposed reforms, all stakeholders could confidently engage in advocating for adoption of the proposed legislation.

By avoiding imposition of policies or legislation, and creating a sense of ownership among participants, this approach ensured sustainability of the eventual solutions.

## **A. Good Practices (continued)**

### **Discussion (continued)**

#### *Harmonized Regulation of Local Self-Governance at the Entity Level*

In the Federation, awareness was raised as to the need for strengthening the position and role of local self-government units, as the level of government closest to and most relevant to the citizens. In order to rationalize the role and responsibilities of municipalities, which were treated differently through regulation by their respective cantonal legislation, the FBiH Parliament adopted the Law on the Principles of Local Self-Government.

The Law was harmonized with the European Charter on Local Self-Government. It regulates municipal competencies in detail, transferring selected competencies from higher levels of government. The Law defines sources of financing, relations between the mayor and municipal council, the budget procedure, citizen participation, standing of the municipal association and status of the mjesne zajednice (MZ).

#### *Promotion of Stronger, More Self-Reliant Municipal Associations Providing Effective Member Services and Advocacy for the Local Government Position at Higher Levels*

Entity municipal associations removed substantial organizational barriers to their effective functioning. In particular, the Federation association has completed a difficult process of internal reorganization, which has removed significant obstacles to its normal functioning. The new organizational structure resulted in appointment of a more proactive presidency, president, and secretary of the association, as well as the activation of six new committees, which are proving to be a valuable mechanism for policy design. Having gone through this process, members exercised a true sense of ownership and decided to create a structure that would better serve their needs.

With the adoption of local self-government legislation in the Federation, the municipal association became a legal representative of its members. This innovation has generally strengthened the position of the association. Parliamentarians are now required to consult the association on different aspects of legislation that might affect the work of local government. The association will thus be actively involved in changing and amending legislation and will have an opportunity to offer recommendations and suggestions on legal acts that can affect the status of its members.

#### *Mjesne zajednice as a uniform mechanism of citizen participation with a long tradition in Bosnia and Herzegovina*

Bosnia and Herzegovina enjoys a sixty-year tradition of citizen participation through MZ representation. This aspect of local governance historically had been well organized and effectively ensured that rural areas were adequately and efficiently represented. However, over the last ten years, many municipalities abolished MZs and their overall influence has been significantly reduced.

The adoption of local self-government legislation in FBiH introduced a clear definition of the role of the MZ and will result in more uniformity in citizen participation in decision-making. Together with the Center for Civic Initiatives (CCI), the Project trained, prepared and involved MZ members in the decision-making process, particularly in project design, project prioritizing and selection, and application for the use of municipal budget funds.

## A. Good Practices (continued)

### Exchange and Expansion of Good Practices

Good practices need to be both deeply imbued and widely disseminated if they are to be implemented successfully and sustained over time. GAP employed a number of actions to exchange and expand the good practices that were promoted throughout the Project. This approach included:

- Workshops and training;
- Regional coordination meetings;
- Inter municipal visits;
- Events with non-partner municipalities, cantonal and entity planning ministries, parliamentary members or committees, working groups, advisory boards and user groups;
- Publications targeted to all municipalities in BiH.

#### Municipal Fair

There is no better example of how the Project applied this approach than the Municipal Fair that was conducted in Gradačac from June 20-22, 2007.

GAP joined with the two municipal associations and the Danish Refugee Council to co-sponsor the event and organized a number of thematic workshops that covered the main areas of municipal and policy intervention implemented through GAP. The Fair provided yet another opportunity for interaction with partner and non-partner municipalities, as well as businesses, the international community, and the non-governmental sector.

The workshops were designed to exchange good practices and lessons learned at the municipal level in order to enhance the sustainability of the local self-governance progress that had been made to that point in both policy and service delivery initiatives.

Three hundred thirty participants, including almost forty Mayors and council or assembly members, attended GAP events at the Fair. Sixty-three personnel from Federation municipalities participated, as did sixty-one from RS municipalities. Many local governance problems and related interventions are common to municipalities irrespective of their entity location.

Accordingly, the Fair served to bring together a large number of municipal officials from both entities at a single venue to share solutions and strengthen their common voice.

All of the significant publications produced by GAP were collected onto a compact disc that was distributed to all attendees at the Fair.

#### Workshops and Training

Over one thousand-twenty workshops, trainings and coaching sessions were conducted during forty months, comprising nearly 11,000 person-days of technical instruction (not including conferences, meetings, etc.). On a statistical average basis, this calculates to almost fourteen persons in some form of training during each and every business day of the Project! Annex VI summarizes the details of this training.

Project personnel or local and international short-term technical advisors conducted these training events. In addition, the World Learning Participant Training Program financed a significant number of international study tours initiated by GAP.

## **A. Good Practices (continued)**

### **Exchange and Expansion of Good Practices (continued)**

#### Workshops and Training (continued)

Numerous conferences and workshops provided opportunities to raise awareness of problem issues, present expert views, explore different policy solutions and exchange ideas and experience for policy and citizen service improvements.

Round tables served as a mechanism to gather feedback on proposed models for different policy solutions, to obtain the perspective of practitioners from local government, to draft necessary legislative improvements and to bring together various stakeholders, as for example, in preparing local economic development strategies.

A significant feature of many of these GAP training activities was the successful effort by the Project, depending on subject matter and logistics, to involve both Federation and RS personnel in any forum where common interests and challenges prevail. Municipal mayors appear to be generally more amenable to inter-entity cooperation than are higher-level public officials.

#### Regional Coordination Meetings

Regional coordination meetings served the dual purpose of exchanging experience and information between partner municipalities, and assisting respective municipal officials in sharpening their presentation techniques and strengthening local ownership of reforms. Often, other projects and higher levels of government would also be involved. Each event required the active engagement of participating municipal representatives, challenging them to analyze and present the current state of affairs related to the specific training topic and to involve other participants in analysis and implementation of new practices.

During these regional meetings, municipalities were trained to use modern presentation tools like MS PowerPoint, prepare analysis-based reports, share good practices in electronic form and including them in the intranet (info desk) in their municipalities.

#### Inter Municipal Visits

Study visits between and among municipalities served as a powerful tool to showcase practical benefits of new systems. GAP did not directly organize these visits but encouraged and promoted them among partner municipalities, which on numerous occasions visited each other to learn about mutual experience problem solving.

On some occasions, partner municipalities hosted non-GAP municipalities and shared new, improved procedures with them. These visits served as a forum for information exchange on citizen guides, internal procedures and other documents related to daily municipal work.

Inaugural openings of citizen service centers and urban permit centers also were motifs for inter-municipal visits. Host municipalities were proud to invite their neighboring colleagues regardless of the entity affiliation, successfully spreading knowledge of GAP to a wider audience. These events triggered a great interest in GAP, documented by a dozen motivation letters received from non-GAP municipalities.

## A. Good Practices (continued)

### Exchange and Expansion of Good Practices (continued)

#### Events with Non-Partner Municipalities, Cantonal and Entity Planning Ministries, Parliamentary Members or Committees, Working Groups, Advisory Boards and User Groups

The co-optation of urban institutes throughout BiH as strong and willing partners with GAP in the reform of urban planning is a prime example of the value of exchange of good practices. The institutes, which represent an important share of the market in urban planning and have a monopoly interest in the old system, were invited to learn about the reform proposals, including the new zoning methodology.

Together with representatives of GAP partners, urban institutes were trained to prepare regulatory plans in GIS and in use of zoning procedures. This enabled them to practice new techniques, to promote planning law reform in partnership with municipalities, and transmit this new knowledge to non-GAP municipalities.<sup>14</sup>

GAP invited cantonal and both entity planning ministries to participate in urbanism workshops and seminars in order to promote a good understanding of the zoning concept. This helped transfer knowledge of new planning techniques and GIS technology to non-GAP municipalities within their region of competence; and to win support for needed urbanism legal reform.<sup>15</sup>

GAP has initiated establishment of two user groups for the integrated financial management system. The groups are working together on identification and sharing of good financial management practices, and providing relevant inputs for the software provider. They are also cooperating on addressing the inconsistencies in the regulatory framework and its implementation by institutions.

The user groups have also started to collaborate with municipal associations trying to ensure that relevant ministries of finance address the common concerns of the municipal sector. Substantial numbers of non-partners have received the newly improved software as pre-existing users of the system and the two user groups, through their respective associations, are expected to broaden the reach out of this activity, which was initiated by the Project.

#### Publications Targeted to all Municipalities in BiH

The completion and the launch of a comprehensive fourteen-chapter desk reference “Budget and Finance Guide for Municipalities in Bosnia and Herzegovina” took place in December 2005. The *Guide*, produced in cooperation with OSCE, has been distributed to all BiH municipalities and other partners, counterparts, and non-governmental organizations.

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<sup>14</sup> At Project urbanism workshops and seminars, important contacts were established between the Banja Luka Urban Institute and GAP partner municipalities. A few Federation municipalities, such as Bihać, Travnik, Velika Kladuša, and Goražde, contracted with Banja Luka Urban Institute to prepare regulatory plans using the GAP urban concept (i.e. GIS software and zoning methodology within the existing legal framework). Furthermore, the Urban Institute of Sarajevo Canton was trained to prepare regulatory plans using the same GAP urban concept, so this technique will be used in planning for the entire Canton Sarajevo area. At the Tuzla Urban Institute, the GAP urban concept has likewise been accepted as a model for all future planning work.

<sup>15</sup> Representatives of the Ministry for Spatial Planning in the RS have participated in all GAP urbanism workshops and seminars. Consequently, the Ministry was supportive of the legal reforms proposed by GAP and SPIRA. The Ministry was also an active member of the Banja Luka Permitting Center Advisory Board, supporting all elements of the urbanism pilot project.

## A. Good Practices (continued)

### Exchange and Expansion of Good Practices (continued)

#### Publications Targeted to all Municipalities in BiH (continued)

The *Guide* incorporates good practice tools and methodologies that have emerged in Bosnia and Herzegovina through various programs such as The World Bank municipal lending project and the OSCE Municipal Infrastructure Finance and Implementation Project. Both municipal associations have agreed to treat the guide as their own product and to prepare future updates as needed.

All municipalities in BiH also received the GAP manual “Capital Improvement Planning in Municipalities” on a compact disc. Twenty-two GAP partners are currently implementing the capital improvement planning methodology and widened use of the application is expected.

The “Municipal Borrowers’ Guide” produced by the Project provides guidance on this issue of utmost importance to local government. The municipal associations distributed the *Borrowers’ Guide* to all of their members. The *Borrowers’ Guide* provides practical advice on how to communicate capital investment plans and financial qualifications to potential lenders and other project funding sources.

A project description template, based upon a simple five-page document in Microsoft Word format, helps the municipality prepare sufficient information for a lender to understand the project and financing plan.

The publication “Manual for Establishing a Citizen Service Center in Partner Municipalities” provides all necessary instruction on establishing a citizen service center from the needs assessment phase, through physical and conceptual design to the opening and follow-up activities. The *CSC Manual* is informative, reader-friendly and presents good practices in the implementation of this concept. It was distributed in compact disc form at the Municipal Fair in Gradačac.

The *CSC Manual* was developed using DAI experience in the region as a base, adjusted in accordance with results from the Municipal Economic Development Initiative (MEDI), Local Government Support Activity (LGSA) and other USAID-led projects in Bosnia and Herzegovina.

Knowledge gained from a few advanced BIH municipalities that independently succeeded in improving performance was also used. Once completed the *Manual* was fine-tuned during project implementation in order to integrate new findings and good practices from GAP partner municipalities.

The “Manual for Community Development Planning Committees (CDPCS)” provides essential information on establishment and work of these participatory bodies, including identification, scoring and selection of priority community development projects. In addition, the *CDPC Manual* contains important instructions on project proposal preparation, which will be useful for other purposes beyond GAP (for example, in competing for European Union pre-accession funds).

The publication “Business Friendly Municipalities: Local Leadership for Growth” was prepared to encourage municipal leaders to assume an active role in stimulating growth of the local economy.

## A. Good Practices (continued)

### Exchange and Expansion of Good Practices (continued)

#### Publications Targeted to all Municipalities in BiH (continued)

GAP, together with the FBiH Association of Municipalities and Cities, prepared and published "The Commentary on the FBiH Law on Principles of Local Self Government". The intent of this publication, which was distributed to mayors and municipal representatives, cantonal and Federation authorities, and other relevant institutions at the Conference on Implementation of the Law on Principles of Local Self-Government held in Sarajevo on July 5, 2007, was to ensure more efficient implementation and better understanding of the Law.

A technical article "The FBiH Law on the Allocation of Public Revenues and the Recent Amendments to the RS Budget System Law" was published in the Bulletin of the Indirect Taxation Authority Macroeconomic Analysis Unit in May 2006. The article contains in-depth information about the models of revenue allocation introduced in both entities, including the phase-in mechanics and the weight and affect of criteria in the model.

An information article "Reform of Financing of Different Government Levels in BiH and VAT Implementation – Defining the Problem" was published in May 2005 in the journal "Lokalna samouprava". The article was intended to raise awareness among local governments that the VAT introduction would require changes in the way local government is financed, and to address the current problems in municipal funding that would not be solved without substantial reform.

A chapter on "Financing of Sarajevo City" was part of a study "Whose Capital City is Sarajevo?" published by the Center for Civic Initiatives in November 2006. The CCI study was devoted to the question of functions and funding of Sarajevo City, in the context of redefining the capital city. The chapter on financing provided an in-depth analysis of the current allocation of revenues and competencies in the Sarajevo region, and outlined the current problems with the funding of Sarajevo City.

A policy briefing book entitled "Reordering Intergovernmental Fiscal Relations in Bosnia and Herzegovina: Local Government Finance Reform and the Implementation of VAT" was distributed at a retreat organized with The World Bank on May 4-5, 2005. The document provided an analysis of the system of revenue allocation in both entities, including their weaknesses, the effects that VAT introduction might have on two systems and outlined a set of reform proposals that would introduce a new way of sharing revenues in both entities.

An article "Municipal Borrowing – Best and Worst Practices from a Regulatory Perspective" was published in January 2007 in the journal "Lokalna samouprava". The article focused on the questions that regulators need to assess when establishing a municipal debt market, and the positive and negative outcomes of different policy decisions in that process.

A success story "Reform of Intergovernmental Finance Systems in Bosnia and Herzegovina" was published on the GAP website in October 2006. This paper outlines the steps taken toward the reform of the intergovernmental finance systems in both entities, and presents the effects that the reformed system had for municipal finances.

An article "A Tale of Two Entities: How Finance Reform Builds Democracy in Bosnia and Herzegovina" was published in DAIdeas – Democracy Briefs in February 2007. The article illustrated the process of reform of the intergovernmental finance system in BiH, and the role of GAP in the process, with emphasis on political obstacles in the entities, and the affect of the changes on local government in BiH.

## **A. Good Practices (continued)**

### **Exchange and Expansion of Good Practices (continued)**

Publications Targeted to all Municipalities in BiH (continued)

The “*Manual for Improving Urban Permitting Procedures through Permit Centers*” was designed as a guide for the process of improvement of urban permitting in municipalities to achieve permitting “one-stop-shop” services for investors and citizens. The manual elaborates on all the main activities starting with assessment of current situation and needs, establishment and tasks of the working groups and advisory boards, and physical and IT conceptual design of the permitting centers. The manual also provides examples of good practice.

The concept paper “*Zoning: A Method of Development Control*” and the “*Zoning Manual*” were published to introduce urban planners in the GAP partner municipalities and government officials to the zoning methodology in regulatory planning. As a precursor to the eventual reform of the urban planning system, the manual describes the proposal for adopting zoning as an enforceable regulatory tool within the legal confines of the existing entity planning laws.

## B. Lessons Learned

*“The wisest mind has something yet to learn.”*

**George Santayana** (1863 - 1952)

In many respects, lessons learned during GAP were applied on a real time basis throughout the Project in the form of management feedback adjustments to program activities. Often, but not always, this was an outgrowth of interim findings from the monitoring and evaluation process. For example:

Quarterly performance monitoring surveys during October 2006 and January 2007 revealed that the number of complaints recorded in second cohort municipalities was beginning to increase, and the proportion of complaints resolved began to fall significantly. Analysis of the data for each municipality identified specific problems ranging from inefficient workload distribution to adjustments related to startup of the new citizen service centers.

GAP staff addressed these issues with mayors and department heads, and assisted them in taking corrective action including redistributing workload, hiring better-qualified staff, and reorganizing departments. As a result, in the April 2007 quarterly survey the subject municipalities recorded the lowest number of complaints ever.

In another case, following the second annual attitudinal survey completed in March 2006, it was clear that citizen satisfaction with municipal service delivery had recorded a significant year-to-year increase. However, business satisfaction did not show the same dramatic improvement, increasing only slightly (within the margin of error of the survey). This set off an alarm bell for GAP managers.

Following a careful evaluation of Project efforts to create business friendly municipalities, a decision was made to modify the then current approach. With donor approval, the vacant position of local economic development specialist was filled and supplemented with short-term technical assistance. Mayors were encouraged to focus on this activity. The new methodology relied on increased use of leadership roundtables and integration of local economic development activities with other GAP initiatives such as urbanism and capital improvement planning.

Following this enhanced approach, the next attitudinal survey (March 2007) showed an increase in business satisfaction with municipal service delivery of nearly eleven points, compared to the baseline survey. Absent these interim survey results, it would have been very difficult to determine that redirection of the GAP effort was necessary, and once taken, whether or not it was successful.

### **Primary Lessons Learned During GAP**

- Apply the partnership principle in practice. Involve relevant parties from all levels of government at early stages of reform to enable a direct exchange of views and open discussions about alternative solutions.
- Challenges of Community Development Planning Committee (CDPC) sustainability
- Municipal staff as agents for change, i.e. drivers for future reforms
- Study tours are an effective mechanism for raising awareness
- Crosscutting approach: material and technical assistance and synergy of assistance packages

## B. Lessons Learned (continued)

### Primary Lessons Learned During GAP (continued)

- Involvement of users and practitioners in the development of the integrated accounting and budgeting system
- Gradual and well structured reform of local practice in urban planning and permitting
- Roadblocks for business friendly municipalities
- Provide analytical tools that simulate financial consequences of reform over time.
- Reforms should be supported where possible with favorable policy framework.
- Parliament has a legitimate role in policy reform.
- Municipal associations as the forum for policy analysis, design and advocacy with other levels of government. Effective and sustainable improvement in functioning of these associations must come from within.

### Discussion

Apply the partnership principle in practice. Involve relevant parties from all levels of government at early stages of reform to enable a direct exchange of views and open discussions about alternative solutions.

GAP developed partnerships, shared responsibility and ownership of reforms with Project counterparts in the municipal and higher-level governments, thereby leveraging outcomes that otherwise might not have been possible. Examples of this synergy include:

- GAP enjoyed strong involvement by mayors, who demonstrated commitment and leadership in cooperation with the Project goals, and whose role was of pivotal importance.
- Significant cost sharing by municipalities underlined the sense of local ownership and collaboration.
- Policy staff seconded by GAP to entity Ministries of Finance, ensuring effective execution of the revenue allocation laws, adoption of which was a major goal of the Project.
- Partnership bodies constituted from relevant municipal, cantonal, entity, parliamentary or civic representatives to cooperate with GAP (e.g. working groups, coordination teams, planning committees, etc.) providing input for all decisions regarding implementation of the technical and material assistance.

### Challenges of Community Development Planning Committee (CDPC) Sustainability

About fifteen percent of the twenty-three community development planning committees became inactive once the grant process was completed. Eight others converted to capital improvement planning coordination teams. The following observations are relevant:

- The implementation timeframe was for citizens and the local government to develop priorities, identify and select projects was exceedingly short.
- Sustainable mechanisms for citizen input should be identified, using bodies that are or can be otherwise integrated with municipal functions such as local economic development, capital improvement planning or budgeting. Where viable, the *mjesne zajednice* should have a prominent role.
- In the case of any CDPC that has remained active, they should be institutionalized at least temporarily within respective municipalities, if for no other reason than to develop capacity for local absorption of European Union pre-accession funding.

## B. Lessons Learned (continued)

### Discussion (continued)

#### *The Municipal Level as Agent for Change, i.e. Driver of Future Reforms*

There appears to be growing recognition of the opportunity to pursue governance reform from the bottom up. The international community in BiH is granting more attention to the municipal sector in the last few years than ever before; witness four major Ambassadors addressing the plenary session of the first-ever Municipal Fair in 2007.

GAP promotion of investments in public participation, service improvements, urbanism, financial management, capital improvement planning and association building are dramatically reinforcing this perception.

#### *Study Tours are an Effective Mechanism for Raising Awareness*

The study tours promoted by GAP generated interest in citizen service and policy interventions, encouraging participants to view issues from different perspectives and think creatively. These study tours, which were organized and financed by the USAID World Learning Participant Training Program (PTP), provided a rare and unique chance for officials from Bosnia and Herzegovina to glimpse the future of their own reforms. Generally, they have returned from the training with reasonable action plans and renewed enthusiasm for, and greater understanding of the tasks that lie ahead.

Undeniably, reforms are easier to market and implement when illustrated with real-life examples or role models. When proposed reforms are explored through study tours to other countries, cooperating country “champions” are better equipped with much stronger arguments and practical examples to “sell” the ideas back home in their own environment. Nine regional study tours were organized and conducted with PTP support during the implementation of GAP, as shown below:

- |  |          |
|--|----------|
| • Improved Customer Profiles and Administrative Management   | Jun 2005 |
| • The Role of Local Government in the National Context of an EU Member State                           | Jun 2005 |
| • Intergovernmental Finance for Entity Government, Parliament and Municipality Representatives         | Jul 2005 |
| • Improved Customer Profiles and Administrative Management   | Apr 2006 |
| • Sub-national Financial Monitoring and Equalization Training Program for Officials of RS and FBiH MoF | Jun 2006 |
| • Urban Permitting and Planning Procedures for Heads of Urban Departments                              | Sep 2006 |
| • Urban Permitting and Planning Procedures for Heads of Urban Departments                              | May 2007 |
| • Sub-sovereign Debt Study Tour for FBiH Government, Parliament, and Municipality Representatives      | Jun 2007 |
| • Financial Management Training  | Jul 2007 |

In total, these study tours consumed over seventy days and engaged 145 participants, fifty-four percent of whom were male and forty-six percent female. The countries hosting the study tours were Poland (5), Czech Republic (3) and Croatia (1).

In addition to these international training opportunities, early in 2006 GAP sponsored four Project CCN employees on a study visit to Serbia. This allowed first hand observation of a number of applications that were soon to be implemented in BiH, including satellite office structures for citizen service centers, urban permitting software and the use of local area networks for the financial management systems.

## B. Lessons Learned (continued)

### Discussion (continued)

#### Crosscutting Approach: Technical and Material Assistance and Synergy of Assistance Packages

Typically, project beneficiaries have been thought to strongly favor greater material support as opposed to advisory help, training or other technical assistance. Experience from the GAP approach to municipal reform appears to show that this conventional thinking may not always be applicable.

To be sure, both types of assistance play an important role. However, the following observations strongly suggest that GAP technical assistance, and the personnel who delivered it, represent the most important success factor in the just completed Project:

- Mayors and other counterparts have consistently expressed their appreciation and admiration for the professionalism of the GAP staff (both Sarajevo-based and regional) that implement the various technical assistance packages. While they are also grateful for the grant funding, Mayors appear to place much greater value on the technical assistance provided by Project personnel.
- The high proportion of local cost sharing in many instances belies the notion that the material assistance is the principal motivator at the local level. For example, following completion of GAP-inspired urban pilot projects in Tuzla and Novo Sarajevo, both have committed to extend the pilot activity to the wider municipality, providing at least eighty percent of the funding from their respective budgets.
- Some of the interventions implemented by GAP have been attempted with lesser success in the past. In some cases, citizen service centers previously put into service had to be at least partially redone during the Project. The financial management system, using the same software provider, had only been marginally successful in earlier applications. Clearly, the difference between then and now is the quality and quantity of technical assistance and support delivered by GAP, the material assistance being essentially the same in either case.

The Project also introduced and advocated the principle that municipal administration should work in an integrated fashion; i.e. citizen services with financial management, urban planning with strategic economic development, etc. Accordingly, the GAP technical assistance "packages" were interdependent and proved mutually beneficial and reinforcing. This brought forth the realization that modern public administrations must have access to IT expertise and infrastructure.

The synergy of technical assistance packages is illustrated by the case of Tuzla's initial five-year capital improvement plan. Leadership roundtables initiated by GAP inspired Tuzla to develop a permanent *modus operandi* for business community consultations. This institutionalized leadership forum provided important input into the process that resulted in the five-year capital improvement plan.

#### Involvement of Users and Practitioners in the Development of the Integrated Accounting and Budgeting System

It is axiomatic that complex new software applications require substantial capacity building and user-support in order to ensure successful implementation. However, GAP has introduced more extensive measures to facilitate widespread acceptance and sustainability of the integrated accounting and budgeting system.

## B. Lessons Learned (continued)

### Discussion (continued)

#### *Involvement of Users and Practitioners in the Development of the Integrated Accounting and Budgeting System (continued)*

Municipal heads of finance, prominent and professional, were involved in the software development process at a very early stage. Their practical experience was utilized to assist in shaping a system that would overcome operational problems that typically afflict these applications.

Although not a partner municipality, Istočno Novo Sarajevo (a user of earlier versions of the same software application) served as a development test site for upgrading the product and refining new modules. The entire municipal finance team tested each module. The approach was very constructive. The head of finance closely monitored the entire testing process on a daily basis and GAP and the software provider received feedback on the test results.

The Project also organized a series of entity specific workshops and financial management system user groups whose members also provided advice and support in the development process. Because of this approach, GAP succeeded in developing of a complex budget and accounting tool, *specifically designed for municipalities*, in a relatively short period of time.

**In summary, the lessons learned are (i) encourage (insist upon) local ownership and (ii) when it comes to software applications, you cannot simply install the product and drop-off a license and owners' manual.**

#### *Gradual and Well Structured Reform of Local Practice in Urban Planning and Permitting*

GAP has also succeeded in its urbanism efforts where at least one previous well-intended project implemented by others did not fare so well. In that case, quality GIS systems had been delivered, but were not used; laws prepared but not implemented; resulting more or less in the status quo.

The reasons for that less than satisfactory result include lack of exposure to similar experience of others in the region; failure to provide practical training in new planning methodologies and techniques; and absence of trained professionals, feasible action plans, monitoring systems and tools to insure sustainability of the project.

The GAP approach to urbanism reform included the following elements:

- Working groups established in each target municipality.
- Municipal staff involved in mapping, analyses and reengineering internal procedures.
- Training provided to municipal urbanism professionals, urban institutes and relevant ministries in modern planning methodologies and techniques.
- Professional short-term technical assistance from within the region, as well as regional study tours to provide practical knowledge from colleagues in neighboring countries that have already implemented these reforms.
- Involving external participants in the planning and permitting process (e.g. utility service providers) through permit center advisory boards.
- Local development of short and long-term action plans for continuous improvement.

## **B. Lessons Learned (continued)**

### **Discussion (continued)**

#### *Roadblocks for Business Friendly Municipalities*

Efficient municipal and land management, effective capital improvement planning and budgeting procedures and strengthened local self-governance are essential prerequisites for implementation of LED strategies. Until municipalities streamline all aspects of business development, including the provision of urban and construction permits, they will suffer competitive disadvantage.

#### *Provide Analytical Tools that Simulate Financial Consequences of Reform Over Time*

It is difficult, perhaps impossible, to persuade policymakers to support significant proposals for change if they do not understand the consequences. Fiscal policy changes in particular lend themselves to analytical modeling.

The simulator developed by GAP to demonstrate implications of the revenue allocation proposal was a vital tool permitting the government and parliamentary representatives, mayors and cantonal officials to observe policy changes and effects of each reform option. Furthermore, the graphical presentation of the affects of different reforms generated a much better understanding of the various proposals under consideration. In addition, this tool has also been used as an aid in implementation of the revenue allocation reform.

**It is safe to say that without this tool, the revenue allocation laws would not have been adopted. The opponents of the proposal, and there were many, could simply have defeated it by arguing that the short and long-term affects of the change were not known.**

#### *Reforms Should be Supported Where Possible with Favorable Policy Framework*

It is usually preferable to establish a favorable policy environment prior to attempting to implement direct local government interventions or reforms.

Case in point was the municipal loan-packaging component of GAP, which eventually was dropped from the task order at the request of the donors, approximately at the mid-point of the Project. The policy environment was hostile to any meaningful borrowing by local government; an expected USAID credit enhancement instrument became unavailable; and municipalities were generally reluctant to invest themselves in what they perceived to be a futile effort.

In the face of these problems, despite best efforts, GAP was only able to achieve minor progress on this component before the effort was redirected to the outstanding policy issues.

However, in selected situations, there may be no alternative to proceeding with direct interventions, while simultaneously working to achieve the needed policy changes. Judgments must be made as to whether one can move forward acting within the existing legal and regulatory structures, make meaningful progress and adjust the intervention when the policy framework eventually catches up.

In 1999, USAID committed to establishing automated government treasury systems in BiH fully two years before necessary policy preconditions could be completed (e.g. closing the payment bureaus, creating treasury departments, etc.). To this day, many important issues remain unresolved, such as treatment of off-budget funds, but the automated treasury systems nevertheless are an acknowledged overwhelming success. **Absent this flexible, selective approach, important reforms could become immobilized or seriously slowed.**

## **B. Lessons Learned (continued)**

### **Discussion (continued)**

#### *Parliament has a Legitimate Role in Policy Reform*

**GAP experience has demonstrated one overwhelming reality; that is, when involved from an early stage, and with a strong sense of ownership, parliament can be a powerful vehicle for reform in which rational policies prevail over party allegiances.**

However, this requires involvement of wide circles of political party representatives; sensibility for regional and ethnic representation and interests; intensive and continuous discussions in order to maintain momentum; and building of a representative core of influential members of parliament willing to promote and advocate for adoption of relevant policies.

With respect to the revenue allocation laws successfully promoted by GAP, the policy team developed and nurtured these relationships from the very beginning. This was at a time when it was still expected that the Government of each entity would be the primary proponents for the proposal. At the last minute, when it became clear that there was no Government support for the necessary legislation, the investment in relationship building with the parliament, *inter alia*, saved the revenue allocation proposals from certain failure.

#### *Municipal Associations as the Forum for Policy Analysis, Design and Advocacy with other Levels of Government. Effective and Sustainable Improvement in Functioning of these Associations Must Come from Within*

GAP efforts to “Strengthen the Common Voice of Municipal Governments” (component three of the Project task order) have confirmed that the best way to approach the higher levels of government in a concerted effort that could yield results, is through a strong and well organized municipal association.

Experience shows that advocacy for a specific policy change, on behalf of a large number of municipalities can produce a greater impact on policymakers. With strong local government representation delivering a unified message, it is far less likely that the higher level governments can play one municipality off against another.

To better serve its members needs and meet their expectations, the association requires a stable internal structure and professional staff, such as has recently been completed in FBiH where newly established standing committees present a strong example of enhanced and constructive communication between the association and its members.

Early and active involvement of municipalities in the process of legislative drafting through their respective associations has multiple benefits. The municipal input provides better understanding of the effects certain policy options can have in practice. In turn, municipal representatives become aware of future reforms and have an opportunity to better prepare for their implementation.

### **Challenges - Mostar**

It is not surprising that progress in the City of Mostar comes at a painstakingly slow pace. GAP has fully implemented all of the planned activities in Mostar, making some significant *technical* contributions to the unification process. However, the municipal administration has still not resolved the major issue it faces...the downsizing of public sector personnel.

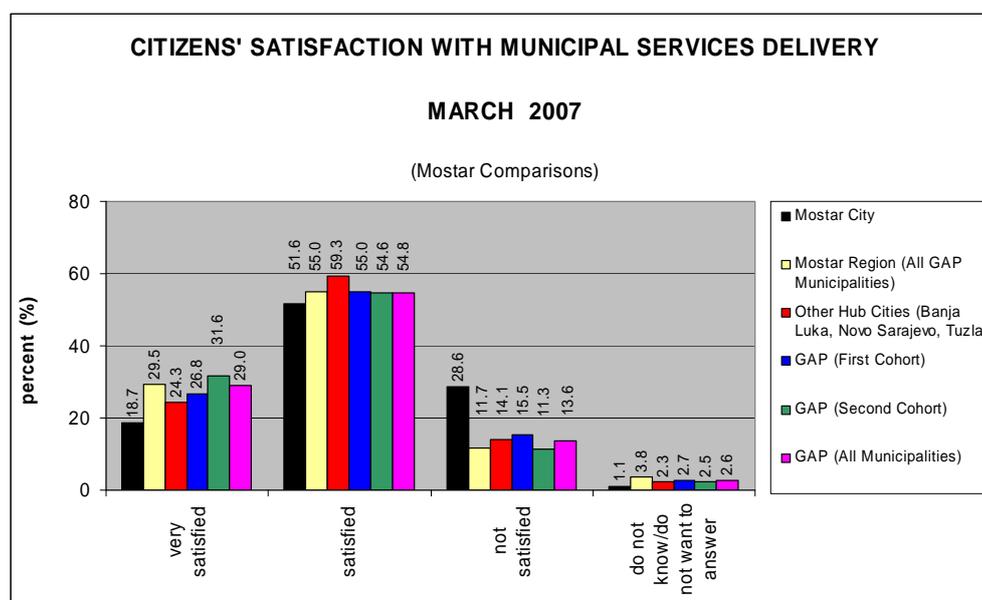
## B. Lessons Learned (continued)

### Challenges - Mostar (continued)

Experience indicates that, above all, patience is required when trying to implement donor-sponsored reforms in this region of BiH.<sup>16</sup>

The uncertainty related to their future employment status has unquestionably affected the performance of municipal staff as well as the attitude they project, and level of service they provide, to the citizen-customer. Counterintuitively, activities such as data entry have progressed markedly slowly, despite the excessive number of personnel on the employment rolls.

The monitoring and evaluation data show some indications of the dysfunction in Mostar. For example, the final attitudinal survey in March 2007 revealed that proportionately twice as many citizens were “not satisfied” with municipal services in Mostar as was the case in (i) other GAP municipalities in the region, (ii) the other three hub cities, (iii) all first cohort municipalities, (iv) all second cohort municipalities, or (v) all GAP municipalities. Figure No. 1 below displays the relevant data.



**Fig. No. 1**

On the other hand, the municipal capacity index measurements reveal a somewhat mixed conclusion. While the latest MCI (July 2007) for Mostar is nearly fifteen points below that of the other three hub cities, and also below the MCI for other municipalities in the region, and all first cohort municipalities; the index in Mostar was increasing at a faster rate than in any of these other groupings used in this comparison.

<sup>16</sup> By way of example: although scheduled to be among the first, in 2004 Hercegovacko-Neretvanski (Mostar) Canton was the last of the FBiH cantons to implement an automated treasury system in their Ministry of Finance (approximately one-year late).

## B. Lessons Learned (continued)

### Challenges - Mostar (continued)

Accordingly, the lower MCI in Mostar may be explained by the later start date *vis á vis* the other first cohort municipalities, including the other hub cities. With approval of the Joint Management Committee as required in the Project task order, the Mostar implementation was launched in January 2006 at approximately the same time as the second cohort municipalities, making this group a more apt comparison. As shown in the following graph, Mostar MCI statistics fare somewhat better when contrasted against these chronologically more appropriate groupings.

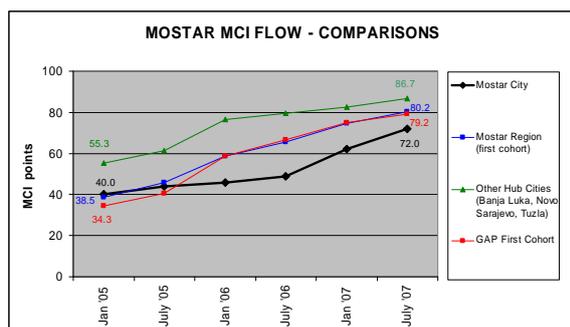


Fig. No. 2

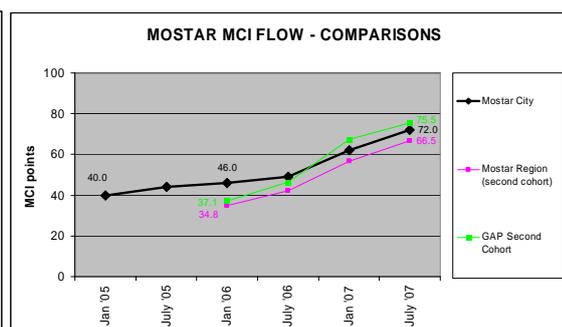


Fig. No. 3

Given the approaching 2008 mayoral elections and the probability that the personnel downsizing issue may loom large at that time, if not resolved before then, several considerations are evident:

1. As Mostar will be a “legacy GAP municipality” under the follow-on Project, GAP2 would need to address this carefully in the three-year Municipal Action Plan for the City. Neither the project nor the donors should be drawn into any local political maelstrom surrounding the issue.
2. However, it might be possible to identify a positive approach to use GAP2 resources for support of efforts like retraining dislocated employees following the implementation of the downsizing, etc.
3. GAP2 could take a temporizing stance, working around the edges to achieve such results as possible within the current constraints, until after the 2008 elections if necessary. As demonstrated by GAP, progress in selected interventions is still feasible, even if the downsizing is not immediately resolved. Patience can prevail.

Although there will continue to be inefficiencies in working with Mostar until the personnel reductions have been implemented, GAP (and earlier projects) have demonstrated that progress is possible, success is achievable and, intuitively, giving up can only lead to backsliding.

### Challenges - Republic of Srpska (RS)

Early in 2004, the RS began expanding their Oracle-based financial information management (treasury) system to the municipal sector, using a centralized structure that would link each municipal finance department to the RS server and database in Banja Luka.

## **B. Lessons Learned (continued)**

### **Challenges – Republic of Srpska (RS) - continued**

When the current Chief of Party took over GAP late in 2005, a rather brusque letter arrived from the then Minister of Finance complaining about failure of the Project to coordinate financial management technical assistance with the RS effort described in the paragraph above.

Despite extensive correspondence and numerous meetings with subsequent office holders on this matter, the RS never provided technical information or other cooperation needed by GAP that would have launched a pilot project that could have demonstrated the feasibility of the two systems coexisting.

By any measure, the decentralized system implemented by GAP is superior to the RS model for municipal treasuries.

1. The GAP-provided software application was specifically designed for municipal financial management and was deemed the best available product following an open, public procurement.
2. The software offered by GAP is far more functional, featuring ten modules (compared to only five in the RS model). Significantly absent from the RS software is the capability to prepare budgets and payrolls, or analyze fixed assets, inventory or costs.
3. The software offered by GAP is less complex to operate and less costly to support on an ongoing basis.
4. The GAP implementation is wholly consistent with the concepts of local self-governance and fiscal decentralization; whereas the RS approach connects all municipal systems to a central server and RS-controlled database in Banja Luka, much like any spending unit of the Republic of Srpska.

This degree of centralization is not necessary for any of the legal reporting responsibilities of local government so one can only speculate as to the reasons why the RS Government would insist on this extraordinary control over the fiscal levers of municipalities.

The resolution of this question must be an early objective for GAP2, prior to any decisions on procurement of financial management software.

## C. Resources and Tools

*“To do good work, one must first have good tools.”*  
***Chinese proverb***

The Governance Accountability Project was a highly complex effort, the completion of which was compressed into a very aggressive timetable. However, with the joint cooperation and teamwork of the USAID and Sida donors, Development Alternatives, Inc. as the Project implementer, a consortium of high quality subcontractors, GAP personnel and municipal counterparts, the Project was successfully concluded...**on time, within budget and in many respects exceeding contract obligations.**

The collaborative application of resources and tools that contributed to this successful implementation are briefly summarized and described below.

For example, on virtually every important intervention, initial work involved a detailed needs assessment or interactive workshops to help define joint approaches to specific tasks. These were among the most significant, but by no means the only tools employed by GAP in completion of the task.

### Resources and Tools Utilized During GAP

- Technical and Administrative Management Information System (TAMIS)
- Project resources
- Counterpart resources
- Needs assessments
- Workshops, working groups, etc.
- Other tools
- Leveraging through donor and project coordination

### Discussion

#### Technical and Administrative Management Information System (TAMIS)

TAMIS is a DAI innovation that assisted the Project in coordinating activities in the field, recording progress, archiving publications, ensuring contractual compliance and facilitating communications with the donors. TAMIS provided GAP with a preeminent operational tool promoting best practices in day-to-day administration and technical project management. The system was customized to meet the specific requirements of GAP.

#### Project Resources

Project resources have been substantial. Foremost was the special status resulting from the two-donor structure and generous financial and programmatic support provided by USAID and Sida. GAP enjoyed enhanced cachet and credibility because of this sponsorship by the two largest donors in BiH and their unwavering commitment to local government in this country.

The flexible grant structure, which fully respected local priorities and decision-making, also contributed significantly to objectives of the Project in terms of public participation and capital improvement planning. In addition, spillover benefits were realized with respect to local training in the complex BiH public procurement process and capacity building to help municipalities qualify for EU pre-accession funds.

## C. Resources and Tools (continued)

### Discussion (continued)

#### Project Resources (continued)

Inescapably, the most important success factor driving GAP accomplishments was the high quality, commitment, energy and perseverance of the Project personnel. As described in earlier sections of this Report, many of the interventions promoted by the Project had been less-successfully attempted during previous incarnations of municipal reform; the difference largely attributable to the quality and quantity of GAP staff.

A statistical analysis of the qualifications and experience of GAP personnel, performed at the mid-point of the Project and reported at that time, strongly supports this conclusion. The analysis conducted by the Director of Operations confirmed the consistently high level of education and relevant experience achieved by Project staff:

Average age	36.2 years
Average years of formal education	15.1 years
Total years of formal education outside of BiH	98.0 years
Average years of professional experience	12.9 years
Average years of experience on municipal issues	4.1 years

An independent mid-term evaluation report sponsored by the donors came to similar conclusions, citing the following:

“...[GAP staff] are competent and strongly motivated; their enthusiasm and drive is quite evident. They are held in *uniformly* high regard by the Mayors and municipality counterparts” *[emphasis added]*.

#### Counterpart Resources

In general, the most important contribution from each municipality was the commitment of the Mayor. With few exceptions, the forty-one partner municipality Mayors represented an extraordinary cadre of leaders whose impressive energy and optimism ensured counterpart cooperation that was so vital to the success of GAP.

A GAP municipal coordinator appointed by each Mayor handled the day-to-day interaction between the Project and the municipality. These coordinators, the overwhelming majority of whom are university educated, were the front-line officials responsible for overseeing all Project activities within their respective locale. The professional pride and leadership of these twenty-six men and fifteen women was indispensable to the fulfillment of the various municipal interventions.

To a significant extent, individual municipal employees were utilized as champions, mentors and trainers throughout the implementation of GAP. Their practical and technical skills, professional credibility and GAP imprimatur made them especially effective advocates and an inspiration for their colleagues. More than thirty municipal personnel were called upon for these tasks at various times during the progress of the Project.

Mayors themselves, at various workshops and conferences served with enthusiasm as resource persons and presenters on topics such as capital improvement planning and local economic development.

## C. Resources and Tools (continued)

### Discussion (continued)

#### Counterpart Resources (continued)

Additional “in-kind contributions” were likewise employed extensively in other aspects of GAP intervention. For example, substantial amounts of municipal personnel-days were expended on data entry (ranging from the relatively simple data-processing registrar program to more complex financial management and GIS software). At times, municipalities engaged outside help at their own expense.

Furthermore, participation in various deliberative bodies such as working groups, advisory boards, community development planning committees, capital planning coordination teams, and technical user groups consumed large blocks of local staff time, without which most GAP initiatives would have been impossible to complete.

**In short, being a GAP partner municipality was no “stroll in the park”; it required full commitment to the goals of the Project and adherence to GAP preconditions and timeframes.**

Finally, aside from partner municipalities, the Project also relied on the active participation and contributions from numerous other counterparts. These included parliamentary committees and members of parliament, civil servants from ministries in higher-level governments and the two municipal associations and their standing committees.

#### Needs Assessments

One of the primary strengths of GAP was its flexible, customized approach to each partner municipality. No single template defined the work in any municipality. Instead, a detailed needs assessment was concluded for each technical assistance category for every partner.

The needs assessment actually began during the earliest phases of the GAP municipal selection process. Comprehensive and detailed questionnaires, site visits and follow-up inquiries all contributed to a generally solid information base for partner selection and subsequent decision-making. Specific details about the focus of the needs assessment process in each technical assistance category are summarized below:

#### **Technical Assistance Category**

#### **Focus of Needs Assessment**

Citizen Service Centers	Resources (physical space and IT capacities), current practice and procedures, staff capacity, citizen demand for service, information availability and flow and citizen opinions on current services. Need for non- municipal services to be integrated in the center (tax authorities, cadastre in the RS, business center, legal aid, copying service, and payment counter).
Urban Planning and Permitting	Transaction volume in urbanism department, existing technical equipment and professional capacity, and level of existing database digitalization (including urban plans, real-estate cadastre, and underground installations).

## C. Resources and Tools (continued)

### Discussion (continued)

#### *Needs Assessments (continued)*

<u>Technical Assistance Category</u>	<u>Focus of Needs Assessment</u>
Community Development Planning	Existence of established bodies such as community development planning committees, and to what extent they include citizens in the planning and decision-making process.
Integrated Accounting & Budgeting	Current practice and capabilities of legacy systems, if any, and staff capacity (i.e. some municipalities had inadequate staffing in their finance department). Special attention to the individual needs in four hub municipalities.
Capital Improvement Planning	Current practice and fiscal capacity to support a multi-year capital plan.
Policy Interventions	Feedback from surveys; questionnaires; interviews; conferences and roundtables; workshops; working groups; presentations; and members of parliament and government at different levels.

#### *Workshops, Working Groups, etc.*

For both policy and municipal interventions, GAP made extensive use of thematic workshops and working groups in order to build consensus and achieve eventual solutions. The best articulation of this model is the four phases of policy reform as employed by the GAP policy team:

- problem analysis
- solution-finding
- legal drafting, and
- policy promotion

Unsuccessful reform efforts frequently result from failure to involve appropriate counterpart representatives fully in each of these phases. Stakeholders should be provided with opportunities and tools to address issues, to engage in policy analysis, and have forums in which they can openly discuss possible solutions.

Compromise and accommodation should initially be sought inside smaller groups of participants, before solutions are presented to formal institutions. All stakeholders need to be given opportunities to gain knowledge that they can convey and disseminate through their institutions and parties in order to promote desired policy reforms.

Roundtables were used to introduce and promote customer orientation, urbanism and economic development (i.e. “Leadership Roundtables”). With respect to urbanism, they provided feedback on zoning methodology as a substitute for the outmoded, inflexible regulatory plan concepts. The roundtables also built collaboration between external agencies in generating and storing data through geographic information systems.

## C. Resources and Tools (continued)

### Discussion (continued)

#### Other Tools

A wide array of other tools played important roles in the successful GAP program:

- The monitoring and evaluation system, discussed in detail elsewhere in this Report, was one of the most powerful quantitative feedback mechanisms available to the Project. Interim performance monitoring plan data was used throughout the process to adjust program interventions as necessary if results appeared to falter.
- Performance audits undertaken on a regular periodic cycle kept GAP staff up-to-date on operational issues or shortcomings, while providing Mayors and other municipal managers with indications of any remedial actions necessary on their part.
- Financial audits were employed with respect to the grants program<sup>17</sup> on a spot check basis for high-risk grants<sup>18</sup> as well as on randomly selected projects. These reviews included, but were not limited to, the following: site visits by the grants manager and accountant, audit of all financial reports, visits to vendors, preparation of reports on the findings during the audit, and identification of possible errors or omissions, plans for corrective action as necessary and follow up on actions taken.
- Acceptance testing was conducted for all customized software applications to ensure that performance met specified parameters. Troubleshooting assistance was furnished as needed by GAP experts or the product vendor.
- Memoranda of understanding, utilized at both the municipal and entity levels, documented the counterpart responsibilities and memorialized the details of the bilateral agreement between the parties.
- Scope of work agreements set forth the detailed specification of the proposed activity or intervention, the estimated cost, and the financial obligation of each of the parties thereto. If the GAP contribution were to be in the form of a grant, a written grant agreement would also be executed.

#### Leveraging Through Donor and Project Coordination

The effectiveness of GAP and its related programs has been magnified significantly through a number of external relationships nurtured during the course of the Project:

- As discussed elsewhere in this Report, the Project made extensive use of the USAID-funded World Learning Participant Training Program (over 1,200 person days of study tours).

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<sup>17</sup> In terms of overall GAP financial operations, the Project was visited by an internal auditor from Development Alternatives, Inc.; and approximately eight times by staff from the USAID Mission Comptrollers Office reviewing non-grant financial activities. The operations team at GAP addressed all material findings and recommendations emanating from these reviews.

<sup>18</sup> High-risk grants would include those awarded to non-governmental organizations and grantees with little prior history of administering grants, such as schools and health care centers.

## C. Resources and Tools (continued)

### Discussion (continued)

#### Leveraging Through Donor and Project Coordination (continued)

- Collaboration with the USAID-funded project Administrative Law and Procedural Systems (ALPS) generated input for legal aspects related to reform of procedures for urban permitting.
- The European Union Public Procurement Project in BiH delivered training for twenty-three partner municipalities in application of the complex public procurement legislation.
- GAP collaborated with the United Nations Development Program (UNDP) efforts in Srebrenica and Drvar by combining methodologies, and utilizing UNDP participatory bodies established for identification and prioritizing projects for the Srebrenica Regional Recovery Program and the Rights-Based Municipal Assessment and Planning Project, respectively.
- GAP coordinated with the Organization for Security and Cooperation in Europe (OSCE) on joint preparation of the *Budget and Finance Guide for Municipalities in Bosnia and Herzegovina*. Furthermore, GAP also utilized the Municipal Development Planning Committee established by OSCE in Kalesija to identify the community development projects in that municipality.
- At the beginning of the Project, extensive consultation with the USAID LGSA project provided GAP with valuable guidance on development of citizen service centers.
- GAP collaborated with the World Bank on the Capital Markets Conference.
- GAP developed a very important working relationship with the USAID SPIRA project. On the initiative of the Governance Accountability Project, SPIRA integrated the zoning concept into their draft regulatory reforms to provide municipal administrations with more responsive planning and permitting instruments consistent with those in a market economy. Building upon the GAP urban pilot concept, USAID-funded SPIRA is establishing GIS-based interactive networks between external stakeholders in the permitting process (e.g. utilities) and urban permit centers in Banja Luka and Tuzla.

In addition, GAP and SPIRA jointly organized a business-registration improvement workshop with participation of more than one hundred partner-participants from both projects sharing best practices.

- GAP collaborated with the Sida and ADA-funded Land Registry Project, implemented by GTZ, through participation with others in legal and IT working groups, and organizing common workshops on project topics.<sup>19</sup>

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<sup>19</sup> GTZ and GAP are working cooperatively to create a comprehensive land management database in three partner municipalities: Jablanica, Goražde and Trebinje.



## CHAPTER THREE: TARGETS AND ACCOMPLISHMENTS

### A. Goals and Accomplishments

*“How great seems human progress when we consider where it began, and how insignificant, when we contemplate the goals for which it strives.”*

***Franz Grillparzer**, circa 1820*

Contract requirements for GAP are set forth in the USAID Task Order and the Sida Financing Agreement, which require achievement of sixteen “desired GAP performance results” reflecting concrete outcomes expected to be accomplished by the end of the Project.

Task order modification No. 3, which extended the Project duration by one month also deleted one of the sixteen desired performance results. Eliminated was the requirement to develop fifteen municipal loan packages and consummate eight approved municipal loans. From about the midpoint of the Project, the clients requested that GAP cease work on this component. From that point forward, efforts focused on policy interventions to enable municipalities to access commercial debt markets.

Following is the final status of the remaining fifteen desired GAP performance results, all of which have been fulfilled:

- 1. By the end of the activity, at least forty local governments will function substantially better and provide superior service, with both citizens and businesses registering significantly increased satisfaction with municipal institutions.**

#### *GAP inputs:*

- Citizen service centers.
- Business registration and, urban permitting and planning procedures.
- Formal complaint process.

#### *Accomplishments:*

- New or improved citizen service centers functioning in forty-one partner municipalities; benefiting approximately 1.5 million persons.
- Approximately 3.6 million digitalized registrar data entries, expanding at the rate of 100,000 per month.
- Document tracking covers 300,000 administrative cases, expanding at 25,000 per month.
- Forty-one municipalities introduced complaint procedures, thereby significantly enhancing responsiveness to citizens.
- More than 26,000 citizens and 2,800 municipally registered businesses were polled regarding satisfaction with services during the yearly attitudinal surveys conducted by GAP.
- By September 2007, seven permitting centers opened providing more efficient and transparent services in Banja Luka, Konjic, Mostar, Novo Sarajevo, Tuzla, Travnik and Velika Kladuša to individuals and businesses concerning urban planning and permits.

## A. Goals and Accomplishments (continued)

### *Accomplishments (continued):*

- Geographic information system (GIS) technology has been introduced in twenty municipalities to provide better information on urban plans and permits.

### *Results:*

- Attitudinal surveys, municipality surveys and citizen entries in book of impressions demonstrate significantly increased citizen and business satisfaction with municipal services.<sup>20</sup>
- Performance monitoring plan demonstrates substantially better service provision.
- **The specified performance result has been exceeded.**

**2. Target municipalities will demonstrate superior service delivery in a series of objective measures, including reduced waiting times and efficiency improvements.**

### *GAP inputs:*

- Performance monitoring plan
- Municipal capacity index

### *Accomplishments:*

- Quarterly, semiannual or annual measurements were conducted for nearly two-dozen performance indicators over a three-year period in partner municipalities.
- Municipal capacity index scores were compiled on a semiannual basis over a three-year period in partner and control group municipalities.
- Three GAP partner municipalities have achieved ISO 9001:2000 Quality Management System certification since inception of the Project and sixteen others are working towards the same status.

### *Results:*

- Overall, the performance indicators are demonstrating improvements in service delivery in partner municipalities, although the data is less definitive for the second cohort, which has not yet had as much time to adapt fully to all reforms.
- The municipal capacity index has demonstrated superior service capacity in partner municipalities as compared to control group measurements.
- **The specified performance result has been achieved.**

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<sup>20</sup> For additional details see Annex I (Indicators, Targets, Deliverables and Accomplishments) and Annex II (Methodology).

## A. Goals and Accomplishments (continued)

### 3. Target municipalities will demonstrate ownership of reforms by their ability to instigate and sustain functional improvements of their own accord.

#### *GAP inputs:*

- Intensive mentoring and field support by GAP coordinators and specialists.
- Over one thousand-twenty workshops, seminars, training and coaching sessions were conducted over three years attended by nearly 8,800 participants.

#### *Accomplishments:*

- GAP has conducted performance audits on every citizen service center following the initial opening and periodically as needed thereafter.
- Coordinators and specialists regularly follow up with partner municipalities from both cohorts.

#### *Results:*

- A number of self-initiated improvements by target municipalities are cited to validate achievement of this result as, for example (additional vignettes are included in Annex I):
  - ✓ Rogatica is making its own investment in additional IT equipment.
  - ✓ Goražde extended the working hours of its citizen service center by two hours without employing any additional personnel. Municipal services are now available until 6:00 PM every business day.
  - ✓ Jablanica renovated their municipal building and expanded the local area network. A third floor was added to the building, which will be used for Municipal Council sessions and additional offices. All new offices will be networked into the existing system and the Council will no longer need to rent private facilities for its sessions.
  - ✓ Trebinje introduced touch-screen technology. This will simplify and speed up citizen access to desired information and forms, stored at the information desk and protocol. A laser printer is now available to facilitate printing of any form, guide or brochure.
  - ✓ Mrkonjić Grad has developed a free “information line” project. Calls are tracked using specially developed software, which ensures that inquiries receive a prompt response.
  - ✓ Gradiška has made investments to expand the document tracking system, improve the citizen service center document scanning capability, and improve performance of the GAP-funded GIS software. Because ninety percent of customers preferred that the center open at 7:00 AM rather than 8:00 AM, the municipality adjusted working hours accordingly.
  - ✓ Both Novo Sarajevo and Tuzla have committed over 200,000 KM of budget funds to expand the urban pilot projects initiated by GAP in their respective municipalities.
- **The specified performance result has been achieved and will continue to evolve through the completion of the task order.**

## A. Goals and Accomplishments (continued)

### 4. Target municipalities will have undertaken at least three major steps to improve the business environment.

#### *GAP inputs:*

- Improved business permitting and pilot projects on urban permitting and planning.
- Assistance with preparation of local economic development strategies.
- Promotion of a business friendly environment.
- Business leadership roundtables.
- Capital improvement planning and financial management.
- Selected development of municipal websites.

#### *Accomplishments:*

- Four urban pilot projects initiated in hub municipalities and six co-pilot projects introduced in Velika Kladuša, Bihać, Travnik, Gradačac, Konjic and Trebinje. In addition to the aforementioned, ten other partner municipalities were provided with geographic information system software.
- Formulation and implementation of local economic development strategies supported in Čelić, Mrkonjić Grad, Sanski Most, Bužim, Vogošća, Lopare, Posušje, Bugojno, Fojnica, Vukosavlje, Trebinje and Ljubuški.
- The guide “*Business Friendly Municipalities: Taking Local Leadership for Growth*” was provided to all municipalities in Bosnia and Herzegovina.
- Leadership roundtables conducted in four hub municipalities and Fojnica.
- Multi-year capital planning adopted by eighteen municipalities
- Financial management systems have been introduced or upgraded in thirty-five partner municipalities.
- Business registration guides available in forty-one partner municipalities.
- Citizen service centers provide full-service support for business procedures at the local level including guides, application forms, information desk, protocol, payment counters and call center. Urban permit centers are contributing to faster permitting for development.
- Websites were developed by GAP for eight municipalities that had no functional sites and now have a new platform from which to promote local economic development.

#### *Results:*

- Increased business satisfaction with municipal services in partner municipalities.
- Permanent business leadership roundtable established in Tuzla by Mayoral Decision.

## A. Goals and Accomplishments (continued)

### Results (continued):

- The Regional Economic Development Agency of Herzegovina (REDAH) cited the work GAP has done in the Herzegovina region which is regarded as *"really valuable and results in Herzegovina region are significant."* REDAH deals with 23 municipalities on various issues, mainly in economic development and it was stated that...

"when it comes to all aspects of strategic management and municipal human resource capacities, [nine] GAP municipalities (Jablanica, Trebinje, Tomislavgrad, Ljubuški, Konjic, Posušje, Prozor-Rama, Nevesinje, Mostar) show significant advantage comparing with other municipalities in the region. Working with GAP municipalities is much easier due to established organizational structures, procedures and better human resource capacities."<sup>21</sup>

- The Municipality of Čelić received approval of a 30,000 KM grant from the FBiH Ministry of Trade, Development and Entrepreneurship following an open call for proposals. This is a "first" for the Municipality, which will use the grant for development-related infrastructure. GAP assistance through the local economic development activity helped the Municipality secure the grant.
- The percentage of complaints resolved that were filed by businesses within the target municipalities has doubled since initial baseline measurements were recorded for each cohort.
- **The specified performance result has been achieved.**

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<sup>21</sup> These quotations are from an electronic-mail message dated April 18, 2007 sent to GAP by Nevzet Sefo, Project Manager for the Regional Information Center (RIC), a European Union funded activity of REDAH.

## A. Goals and Accomplishments (continued)

**5. Target municipalities will have made at least three major improvements to raise levels of transparency and information flow within municipal structures and to citizens.**

### *GAP inputs:*

- Implementation of community development grants.
- Introduction of capital improvement planning.
- Development of citizen service centers.
- Public Outreach Initiative (POI) training.
- Permit centers with GIS databases for urban and construction permits.
- Financial management systems providing greater transparency and improved reporting.
- Publication of community profiles.
- Training of MZ staff to improve citizen participation.
- Selected development of municipal websites.

### *Accomplishments:*

- Media campaigns on establishment of community development planning committees and publication of project application forms in the press led to submission of over 3,250 project proposals from which 148 were selected for GAP funding.
- Extensive media campaigns and public hearings characterized the capital improvement planning initiative, which GAP introduced in twenty-two partner municipalities despite the absence of a viable debt market.
- Information-desk software and process in use at all citizen service centers.
- More than 120 municipal employees received POI training.
- Community profiles prepared for Čelić, Bužim, Vogošća, Fojnica, Vukosavlje and Ljubuški.
- GIS provided in twenty municipalities providing faster and more reliable information for citizens and businesses assuring transparent and consistent information.
- A municipal-owned broadcast station, Radio Konjic, used a GAP community development grant and funds from the municipal budget, to improve production programming for some 50,000 potential listeners, including those in even the remotest locations of Konjic and neighboring municipalities. The station broadcasts:
  - ✓ all sessions of the municipal council (uncensored)
  - ✓ all public discussions on the budget
  - ✓ a weekly program of information on significant municipal and council decisions or laws
  - ✓ a daily program called Konjic Chronicle during which all events within the municipality, such as signing of contracts for specific projects, are discussed.

## A. Goals and Accomplishments (continued)

### *Accomplishments (continued):*

- MZ members in six selected municipalities (Banja Luka, Foča, Rudo, Teslić, Mostar, Prozor-Rama) became actively engaged in the decision evolution process, municipal budget proposals, and prioritization of projects.
- Websites developed by GAP for eight partner municipalities.

### *Results:*

- Increased citizen and business satisfaction.
- Estimated number of information-desk inquiries in the citizen service centers is 160,000 per month.
- Sixty-three percent of respondents indicated they were satisfied with the content of the municipal websites developed by GAP.
- As part of the performance monitoring plan, GAP tracks the utilization by municipalities of ten different information dissemination mechanisms. On average, first cohort municipalities increased the number of mechanisms used by one hundred-one percent. Second cohort municipalities showed a one hundred-five percent improvement.
- **The specified performance result has been achieved and gains will continue to be consolidated through completion of the task order.**

## A. Goals and Accomplishments (continued)

### 6. Target municipalities will be better able to make educated decisions on revenue collection and outlays.

#### *GAP inputs:*

- New or upgraded financial management systems in thirty-five partner municipalities.
- Inclusion of municipal revenue generating departments in the financial management system using advanced features of the software.
- Publication of the *Budget and Finance Guide for Municipalities in Bosnia and Herzegovina*.
- Microsoft excel revenue maximization tools.
- Management Consulting Reports
- Municipal revenue reporting formats developed with the FBiH Ministry of Finance
- Related training.

#### *Accomplishments:*

- The new or upgraded financial management systems include, among others, modules specifically related to achieving this result; especially accounts receivable, accounts payable, cost accounting, budgeting and cash management.
- Nine municipalities have extended the financial management system to their revenue generating bodies. Seven more are in progress.
- Microsoft excel revenue maximization tools have been integrated into the financial management software developed under GAP.
- Employees in seven municipal finance departments received training on revenue maximization techniques.
- GAP assisted the municipalities of Mrkonjić Grad, Živinice, Bugojno, Ljubuški, Goražde, Kakanj, Vukosavlje, Gradiška, and Vlasenica in analysis of their organizational structure and management practices. The respective Mayors received comprehensive reports containing detailed recommendations for more efficient operation of the municipality.
- GAP has completed its technical assistance on new municipal revenue reporting formats for the Federation Ministry of Finance. If the Federation implements the proposal, municipalities will report revenue directly to the Ministry of Finance rather than through the cantons (a process that has not proven satisfactory). These newly created reports would include a higher level of detail on municipal own source revenues than is captured under the current reporting mechanism. If introduced, this improved municipal reporting would sharpen local awareness of revenue flow leading to better decision-making.

#### *Results:*

- *Municipal own-source revenue for partners in the first cohort increased by fourteen percent from 2004 to 2005 and by twenty-seven percent in the following year. The second cohort managed an increase of thirty-five percent from 2005 to 2006.*
- Mayors highly endorsed the recommendations of the management consulting reports as invaluable and insightful input, which assisted them in better managing the organization. Action plans were adopted and various measures are being implemented including activities such as delivery of professional development plans for employees, appraisal, staffing plans, internal and external communications and re-organization of municipal departments

## A. Goals and Accomplishments (continued)

*Results (continued):*

- Results from the performance monitoring plan show that twenty-seven partner municipalities were capable of tracking all local revenues and expenditure outlays in a transparent manner at the time of the baseline surveys. At the conclusion of GAP technical assistance, all forty-one partner municipalities fully track local revenues and expenditure outlays, enabling them to make educated decisions on these parameters.
- As a result of the tools and training provided by GAP, partner municipalities are better able to make educated decisions on revenue collection, outlays and efficient municipal operations. **Accordingly, the specified performance result has been achieved and continues to expand through completion of the task order and beyond.**

**7. Target municipalities will have modern, formalized – and to the extent possible, uniform – budget/finance systems in place and utilized.**

*GAP inputs:*

- New or upgraded financial management systems in thirty-five partner municipalities.
- Publication of the *Budget and Finance Guide for Municipalities in Bosnia and Herzegovina*.
- Software monitoring tool for capital improvement planning (CIP).

*Accomplishments:*

- Modern, formalized systems, reflecting to the extent possible uniform standards, are in place and utilized in GAP target municipalities. Ten integrated financial modules are available providing all of the technical tools needed for implementation of municipal treasury systems. Partner municipalities with the new system used it for preparation and execution of the 2007 Budget.
- CIP monitoring software has been successfully implemented in twenty-two municipalities.

*Results:*

**Although user support continues as an ongoing activity, the specified performance result has been achieved.**

*Note:*

Ten non-partner municipalities, Pale Federation, Bosanski Petrovac, Banovići, Vitez, Sokolac, Cazin, Istočno Novo Sarajevo, Usora, Zvornik and Bileća, also have improved financial management systems by virtue of free software upgrades they received pursuant to an agreement between GAP and the software provider.

## A. Goals and Accomplishments (continued)

**8. Target municipalities will demonstrate significant progress in own revenue generation and in raising the ratio of capital outlays to operating expenses.**

### *GAP inputs:*

- Revenue maximization training and tools.
- Capital improvement planning.
- Technical assistance on loan packaging (discontinued and refocused in third-year work plan at request of donors).

### *Accomplishments:*

- Employees in seven municipal finance departments received training on revenue maximization techniques.
- In the aggregate, municipalities are screening literally hundreds of capital improvement proposals for inclusion in their respective budgets.
- Four loan packages were completed and one went to market before this activity was suspended.

### *Results:*

- Performance monitoring plan (PMP) surveys completed during the twelfth quarter related to municipal budget performance indicators showed that municipal revenues in 2006 among GAP first-cohort partners (twenty-three in number) grew to 350 million KM, representing an increase of thirty-five percent compared to the prior year.

Fiscal revenues were significantly increased by almost thirty-nine percent compared to year 2005, as a result of value-added-tax introduction and the successful GAP effort during 2005-06 to adopt revenue allocation formulae, which sharply increased indirect tax revenue for the local level.

- At the same time, non-fiscal (own-source) revenues were increased in 2006 by twenty-seven percent compared to 2005. This is nearly double the previous year-on-year increase and clearly demonstrates that the tools provided to partner municipalities helped them successfully improve own-source income generation.
- For partner municipalities of the second cohort (eighteen in number) the results were even better. Among this group, fiscal revenues increased by forty-six percent in 2006 compared to 2005, while municipal efforts to increase own-source revenue generation resulted in an increase of thirty-five percent in non-fiscal revenues over the same period.
- The ratio of capital outlays to operating expenses, among all GAP partner municipalities (forty-one in number), increased from **0.51** in 2004 to **0.75** in 2006 (+47.1 percent).

However, analyzing only the twenty-two GAP municipalities where capital improvement planning (CIP) was initiated using the GAP methodology, this ratio was increased from **0.50** in 2004 to **0.85** in 2006 (+66.7 percent).

## A. Goals and Accomplishments (continued)

### *Results (continued):*

- In the same period, non-CIP partner municipalities increased the ratio from **0.51** to **0.66** (+29.4 percent). This analysis definitely confirms effectiveness of the capital improvement planning introduced by GAP as a tool for better municipal management.
- Analysis of the capital expenditure portion of total budget expenditures for GAP partner municipalities likewise shows impressive progress, with the greatest improvement indicated in the partner municipalities where CIP has been introduced. Average capital expenditures as a proportion of total budget for all partner municipalities increased from twenty-two percent in 2004 to twenty-eight percent in 2006.
- Moreover, among the CIP partner municipalities, an increase from twenty-one percent in 2004 to twenty-nine percent in 2006 was recorded.
- On the strength of the above-described data, **the specified performance result has been achieved, emphatically.**

**9. The policy framework will be improved to allow for substantially increased local autonomy in decision-making and finances.**

### *GAP inputs:*

- Policy staff work on FBiH Law on Principles of LSG; Revenue allocation laws

### *Accomplishments:*

- Three laws adopted.

### *Results:*

- The two entity laws on revenue allocation regulate shared sources and own-source revenues for municipalities, thus defining revenue over which local government has full control and independence (for the most part municipal fees and charges) within municipal competencies.
- The establishment of clear, objective criteria for the sharing of revenue from the Republic of Srpska (RS) share of the BiH single account and assignment of sharing coefficients to each local government has reduced the political influence formerly experienced with respect to pre-existing quasi-equalization formulae in the RS.
- Although much remains to be done, the three referenced laws have improved the policy framework to allow for substantially increased local autonomy in decision-making and finances. Accordingly, as reported in the Eighth Quarterly Progress Report (August 10, 2006) **the specified performance result has been achieved.**

## A. Goals and Accomplishments (continued)

**10. VAT revenue-sharing formulae will include reasonable and predictable revenue transfers to the municipal sector. Inter-governmental revenue sharing formulas will be in line with best practices from elsewhere in the region.**

### *GAP inputs:*

- Policy staff work on revenue allocation laws

### *Accomplishments:*

- Revenue allocation laws, including equalization coefficients were adopted in each entity.

### *Results:*

- Adoption of the revenue allocation legislation promoted by GAP in the Federation and the Republic of Srpska guarantees local governments a prescribed share of single account revenues received each year by the entities, hence ensuring “reasonable and predictable revenue transfers to the municipal sector”.
- The sharing formulae, which are based on clear, transparent and objective criteria introduce a stable, predictable and transparent revenue flow for local government, having as its affect a significant level of fiscal equalization in line with the regional good practices and the requirements of the European Charter on Local Self-Governance.
- Accordingly, as reported in the Seventh Quarterly Progress Report (May 12, 2006) **the specified performance result has been achieved.**

## A. Goals and Accomplishments (continued)

**11. Cantonal supervision/control over municipal finances and municipal affairs will be substantially reduced.**

### *GAP inputs:*

- Policy staff work on revenue allocation laws and FBiH Law on Principles of Local Self-Government (LSG).

### *Accomplishments:*

- Revenue allocation laws, including equalization coefficients were adopted in each entity. FBiH Law on Principles of LSG was adopted, which places financial and administrative supervision over municipal affairs at the FBiH level, with clear and transparent definition of oversight, rather than control.

### *Results:*

- The FBiH Law on Revenue Allocation introduced Federation control<sup>22</sup> over two of the most important municipal revenues sources: the single account revenue (which includes VAT) and the wage tax revenue, and it also sets forth the list of all municipal revenues in FBiH.

In effect, this has significantly reduced the control and undue influence that cantons wielded over municipal finances. Cantons now regulate a significantly smaller portion of total municipal revenues; (i) the allocation of cantonal tax revenue, (ii) regulating the additional share of wage tax revenue (above the mandated minimum allocated to municipalities), (iii) the corporate profit tax, and (iv) the allocation of fees and charges controlled by cantonal legislation.

- Cantonal supervision/control over municipal finances and municipal affairs has been substantially reduced. Accordingly, as reported in the Seventh Quarterly Progress Report (May 12, 2006) **the specified performance result has been achieved.**

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<sup>22</sup> As a further bonus, the Federation of Bosnia and Herzegovina Constitutional Court, after hearing arguments confirmed the constitutionality of this aspect of the Law in a Decision taken on September 13, 2006.

## A. Goals and Accomplishments (continued)

**12. Municipalities will be able to effectively advocate collectively for necessary administrative and legislative changes.**

### *GAP inputs:*

- Policy staff work with municipal associations.

### *Accomplishments:*

- As previously reported, both municipal associations were prominently featured in the groundwork leading to adoption of the revenue allocation laws as well as subsequently. Because of close coordination with parliamentary committees, the FBiH Association of Municipalities and Cities was invited by the Constitutional Court to represent the local government position in favor of the revenue allocation law.
- The Federation Association removed substantial barriers to its effective functioning at a landmark Second Congress held in March 2007.
- The RS Association of Municipalities and Towns played a crucial role in the changes to the RS Budget System Law (which introduced the revenue allocation reforms).

### *Results:*

- Laws on local self-government have established municipal associations as legal representatives of municipalities, which has strengthened their position toward other levels of government. The Federation Association is regularly consulted by Parliament in all matters relating to local government.
- Municipalities are now able to effectively advocate collectively for necessary administrative and legislative changes. Accordingly, as reported in the Seventh Quarterly Progress Report (May 12, 2006) **the specified performance result has been achieved.**

## A. Goals and Accomplishments (continued)

**13. Municipalities will have collectively achieved at least one policy victory with minimal Contractor involvement.**

### *GAP inputs:*

- Policy staff work on the FBiH Law on Principles of Local Self Government.

### *Accomplishments:*

- Adoption of the Law was a victory for the municipalities and the Federation municipal association.

### *Results:*

- Municipalities have collectively achieved at least one policy victory (i.e. adoption of the Law on Principles of Local Self Government) with minimal Contractor involvement. Accordingly, as reported in the Eighth Quarterly Progress Report (August 10, 2006) *the specified performance result has been achieved.*

**14. Municipalities will share information through regularized channels and will be open to cooperation and joint interest representation with other municipalities.**

### *GAP inputs:*

- Conferences on: Law on Principles of Local Self Government and implementation thereof, Law on Revenue Allocation, Law on Real Rights, Municipal Debt and Borrowing.
- Trainings for: Municipal staff on public procurement procedures and Association staff on revenue allocation.
- Thematic workshops on: Models of revenue allocation, Law on Principles of Local Self Government, draft Law on Real Rights, revisions to the Public Procurement Law, and law on concessions, revenue reporting format, harmonization of Cantonal and sectoral laws, citizen service center management, capital improvement planning and urbanism.
- Formation of user groups, and specialized committees of the municipal associations: Both associations also have fully functioning legal services and economic advisors providing member services.

### *Result:*

- In all of these activities, municipalities were open to cooperation and joint interest representation with other municipalities and shared information through regularized channels. *Accordingly, the specified performance result has been achieved.*

## A. Goals and Accomplishments (continued)

<b>15. Municipalities and banks will be more knowledgeable about medium and long-term municipal loan products.</b>
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### *GAP inputs:*

- Training, conferences, technical assistance and workshops.

### *Accomplishments:*

- Two National Municipal Capital Markets Conferences were held at which municipalities and banks were represented.
- *A Municipal Borrowers' Guide* was produced in English and local language and distributed to all municipalities in Bosnia and Herzegovina.
- Four municipalities received direct assistance in preparing loan documentation.

### *Results:*

- Municipalities and banks are more knowledgeable about municipal loan products. Accordingly, and as specifically acknowledged by USAID on April 24, 2007 **the specified performance result has been achieved.**
- *Although deleted as a contract requirement GAP did develop a successful financing package that resulted in an approved ten-year loan for the Municipality of Lopare. The loan, for 613,550 Euro, will be used to construct road and street improvements.*

## **Broad Objectives**

More details on several of the forgoing desired “performance results” are provided in Annex I. These fifteen performance results are also expressed as broader “objectives” within the USAID task order. These are reprised below along with an indication of the specific performance results that are related to the individual target.

<b><u>Broad Objective</u></b>	<b><u>Performance Result</u></b>
Dramatically improve the customer service profiles and the administrative management systems of at least forty local governments	Nos. 1, 2, 3 and 4
Raise levels of transparency and information flow both within local government departments and to citizens and businesses	Nos. 4 and 5
Empower local governments through expanding their control over revenues and expenditures by providing technical assistance in fiscal management and human resource management.	Nos. 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15
Provide technical and limited material assistance to Mostar in consolidating from six municipalities into one, and in professionalizing the unified municipal administration	Nos. 1, 2, 6, 7, 10, 11, 12 and 14

## B. Interpretation of Accomplishments

*“He who would leap high must take a long run.”*

*Danish Proverb*

### Targets Met and Exceeded

The preceding section of this Chapter plus all of the Annexes that follow, offer substantial and detailed information about the goals and targets successfully fulfilled, accomplishments wrought, and approved work plan activities completed.

Annex V, *Work Plan Activity Log*, provides a snapshot (as of October 10, 2007) of over three hundred tasks in the approved work plans, which comprised the forty months of GAP implementation. More than ninety-six percent of these tasks have been completed, and those that remain are largely long-term obligations of the partner municipalities to finish (e.g. completion of registrar data entry). A number of work plan tasks were of sufficient importance in 2004 to be designated as project “milestones”. The status of these milestones is summarized on the next page.

The GAP monitoring and evaluation (M&E) program<sup>23</sup> provides the quantitative evidence of the successful achievement of these targets. In addition, over the course of the Project, the M&E results have demonstrated direct causal relationships between GAP interventions and measured results, including but not necessarily limited to the following:

- Improvement in citizen satisfaction with municipal services, linked to completion of citizen service centers.
- Improvement in business satisfaction with municipal services, linked to efforts to create business friendly municipalities.
- Improvement in the proportion of budget assets committed to capital investments, linked to the capital improvement planning methodology.

By any objective assessment GAP has successfully met (and exceeded) contract requirements and related targets. This is all the more remarkable given the generally acknowledged shortened timeframe for implementation of the task order.<sup>24</sup>

With support of the donors in every case, the activities of GAP during the last three years have yielded accomplishments and results, which go well beyond the requirements of the Project task order. The following is by no means all-inclusive but only suggests the extent to which GAP was able to exceed contract requirements without the need for any additional funding.

- Neither zoning nor geographic information systems (GIS) were envisioned or mentioned in the GAP task order. Beginning with a detailed action plan approved by the clients in May 2006, GAP embarked on pilot zoning projects in the four hub municipalities, six advanced urbanism pilots and provided GIS technology in twenty partner municipalities.

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<sup>23</sup> At one point in the Project, the GAP approach to monitoring and evaluation was deemed by USAID visiting experts as the best example of those they reviewed in BiH.

<sup>24</sup> For example, the Final Report on the Review of Grant B Component of GAP Project, commissioned by Sida and USAID in 2006, mentioned in multiple references “...the limited time available for the process.”

## B. Interpretation of Accomplishments (continued)

### Status of Project Milestones (as of November 1, 2007)

<u>Municipal Customer Service Initiatives</u>	<u>Work Plan Target Date</u>	<u>Current Estimated Completion</u>	<u>Notes</u>
First cohort citizen service centers opened	Dec '05	Dec '06	<b>TASK COMPLETED.</b>
Second cohort citizen service centers opened	Nov '06	Mar '07	<b>TASK COMPLETED.</b>
<b><u>Business Registration &amp; Permitting (BR&amp;P)</u></b>			
Start with BR&P procedure inclusion in the other first cohort citizen service centers	Feb '07	Feb '07	<b>TASK COMPLETED.</b>
<b><u>Urban Planning and Permitting (UPP)</u></b>			
First cohort municipalities online	Jul '06	Jun '07	<b>TASK EXPANDED.</b> On December 28th JMC approved expanded activities in Bihać, Velika Kladuša, Jablanica, Trebinje and Goražde. Scope of work agreements for the expanded activities were signed and GIS software procurement procedures completed during June 2007. <b>TASK COMPLETED.</b>
Implementation of UPP level two for selected municipalities	Jan '07	Jun '07	<b>TASK COMPLETED.</b>
<b><u>Creating the Business-Friendly Municipality</u></b>			
Economic Development Leadership Roundtables implemented in target municipalities	Aug '05	Feb '06	Mostar conducted in Oct '05. Tuzla conducted in Dec '05. Sarajevo and Banja Luka conducted in Feb '06. Report "Local Economic Development Roundtables" prepared February '06. <b>TASK COMPLETED.</b>
<b><u>Assessment and Installation of Integrated Accounting and Budgeting Software</u></b>			
Roll-out to partner municipalities	Jun '06	Nov '06	Rollout begins Dec '05. <b>TASK COMPLETED.</b>
<b><u>BiH Budget Guide and Basic Budget Training</u></b>			
Presentation and cross-country distribution of the manual (four regional two-day training sessions for the municipalities)	Dec '05	Dec '05	<b>TASK COMPLETED.</b> (Produced through cooperation and cost sharing with OSCE; one day launch event in Sarajevo.)
<b><u>Revenue Maximization</u></b>			
Roll-out of tool to partner municipalities	Jan '06	Jun '06	Rollout to begin following testing phase. Jablanica and Tomislavgrad commenced using tool March 15, '06. <b>TASK COMPLETED.</b>
<b><u>Capital Improvement Planning</u></b>			
Training for CT members and councilors delivered [first cohort municipalities]	Feb '05	Feb '05	<b>TASK COMPLETED.</b>
Training for CT members and councilors delivered [second cohort municipalities]	Apr '06	Apr '06	<b>TASK COMPLETED.</b>
<b><u>Municipal Loan Preparation Technical Assistance</u></b>			
			<b>Task order modification № 3 deleting this component was approved by USAID on May 4, 2007.</b>

## **B. Interpretation of Accomplishments (continued)**

### **Targets Met and Exceeded (continued)**

GAP was able to exceed contract requirements without the need for any additional funding (continued).

At Project end, seven urban permitting centers had been opened and Tuzla and Novo Sarajevo were so satisfied with the implementation of their pilot zoning projects that they have each committed over \$140,000 from their own budget funds to extend the pilot to the entire municipality.

- With minimal or no charge, the financial management system software provider has furnished the new version of the software to *ten non-partner municipalities* who were pre-existing users of the system: Pale Federation, Bosanski Petrovac, Banovići, Vitez, Sokolac, Cazin, Istočno Novo Sarajevo, Usora, Zvornik and Bileća.

The software has been enhanced to ten fully integrated modules under GAP and the extension of the new version to non-partner municipalities was agreed between the Chief of Party and the software vendor. This effectively extended the reach of municipal interventions to additional municipalities.

- GAP policy staff has been seconded to the Federation and Republic of Srpska Ministries of Finance, as needed to provide support in the implementation of revenue allocation legislation, among other things.
- Approximately three months following the designation of the second cohort, bringing the total number of GAP partner municipalities to forty as required in the task order, an additional, forty-first municipality was successfully introduced into the program.
- GAP has provided extraordinary assistance to municipalities to help them understand and implement the public procurement law in BiH, both through training organized by the policy team and practical application in the tendering of grant projects supported by GAP.

This capacity building went far beyond anything that could have been envisioned or required in the Project task order, although it is now an acknowledged, explicit intention in the GAP2 RfP.

- Websites were developed for eight partner municipalities that previously had been unable to effectively employ this technology on their own. Because of this effort, also beyond the task order requirements, an additional 206,000 citizens will benefit from living in municipalities with new or improved websites.

### **Targets Not Met**

Despite a number of unforeseen obstacles that arose during the implementation of the Project, there are no significant targets not met by GAP, aside from some of the deliverables specified in component four, which was deleted from the task order at the request of the clients.

## B. Interpretation of Accomplishments (continued)

### Gender Issues

Although not a primary focus of the USAID task order,<sup>25</sup> gender concerns have been considered and the role of women taken into account at every possible opportunity during implementation of GAP. Through example, leadership and sensitivity to the situation of women, GAP has stood for and promoted gender equality in a number of significant ways:

- Women represent a majority of the GAP workforce (more than fifty-eight percent) including some traditionally male-dominated positions such as project driver. As shown below, women occupy a substantial share of the top tier positions, including half of the senior staff and all four regional coordinator slots.

<u>Employment Classification</u>	<u>Male</u>	<u>Female</u>
Senior Staff (except CoP)	3	3
Specialists	6	6
Regional Coordinators	-	4
Municipal & Grant Coordinators	8	7
Administrative Staff	5	11
<b>TOTALS</b>	<b>22</b>	<b>31</b>

- Out of approximately three-dozen local short-term technical advisors (STTA) retained by GAP for various assignments, fifty-three percent were female. Women accounted for nearly fifty-seven percent of the local STTA level of effort.
- More than forty-three percent of the 8,800 attendees at GAP training events were female and they made up forty-six percent of international study tour participants.
- At least 15,000 women in BiH should directly benefit from a number of community development projects implemented by GAP. Core women issues such as domestic violence, reproductive health care and breast cancer were addressed in projects completed in Drvar, Bosansko Grahovo, Velika Kladuša, Bihać, Banja Luka, Trebinje and Nevesinje.
- The second largest procurement executed by GAP (in excess of \$1.1 million for application software) was awarded to a BiH firm led by a female Director. The company had never before implemented a contract of this size.

GAP experts worked extensively and tirelessly with this software provider to ensure that the contract was successfully completed.

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<sup>25</sup> USAID Task Order No. 805 states: “While the project is not conceived as one specifically devoted to gender issues, the implementing partner will take into account the role of women in the economic and social advancement of a nation as a key component of development.”

## **B. Interpretation of Accomplishments (continued)**

### **Gender Issues (continued)**

- Data collected during the performance monitoring plan attitudinal surveys was disaggregated by gender in order to permit detailed analysis if indicated by the nature of the results.
- Women comprised thirty-seven percent of the GAP Coordinators. These are senior officials appointed by each of the forty-one partner municipalities to serve as day-to-day liaison between GAP personnel and the relevant municipal institutions.



## CHAPTER FOUR: IMPACT

*"Now is the right time to act. But the government acting by itself is insufficient. Government policies that are not owned by the people will not sustain themselves as governments change".*

*Gary Lawrence; professor, consultant, author*

### A. Impact

#### Broad Results and Impact

Various sections throughout this Report describe the accomplishments and results recorded by GAP over forty months of Project implementation, many of which included tasks that exceeded contract requirements.<sup>26</sup> These results will have a broad and lasting impact on the future of governance in Bosnia and Herzegovina, as further discussed in the following.

##### Emergence of a Stronger Parliament

Democracy suffers if the Parliament serves only as a rubber stamp for actions of the Government. The GAP revenue allocation proposals, in addition to achieving the desired fiscal objective for the municipal sector, resulted in a significant spillover benefit, contributing to the growth of independence within the entity Parliaments.

GAP had originally intended and worked to shape these proposals with the Ministries of Finance in the Federation and Republic of Srpska. After failing to act during months of discussion and negotiation, at the eleventh-hour the Government in each entity abandoned the effort arguing insufficient time and insisting that the proposals should be pended for one-year.

The reasoning for postponement was spurious and any delay would have signaled a permanent defeat of the proposals. GAP had no remaining option other than to mobilize the Parliament into action.

In the Federation, the Parliament actually defeated a competing Government proposal on revenue allocation and adopted a parliamentary version, based on the GAP model. In the RS, a new Government negotiated a suitable compromise proposal, once the Parliament had introduced the GAP scheme and was preparing to adopt it.

This unprecedented exercise of parliamentary autonomy potentially will permanently affect the balance of power among the independent institutions in each entity. The resulting impact on governance in Bosnia and Herzegovina would be significant, positive and long lasting.

##### Local Ownership of Reforms

The quotation at the head of this Chapter tells it all. The USAID task order cites lack of local ownership as one reason for earlier failed efforts by the international community. Accordingly, the task order required that:

“The Contractor shall work to achieve local ownership of reforms, and will identify and foster nascent local capacities.”

<sup>26</sup> See especially Chapter Three (Targets and Accomplishments), Annex I (Indicators, Targets, Deliverables, and Accomplishments) and Annex II (Methodology)

## **A. Impact (continued)**

### **Broad Results and Impact (continued)**

#### Local Ownership of Reforms (continued)

Therefore, GAP seized every opportunity to instill local ownership in all Project implementations. The classic application of this was the successful effort to adopt revenue allocation legislation in both entities. *No better example of local ownership exists.* In fact, beyond the state-of-the-art technical effort to prepare this proposal, the greatest contribution made by GAP was the political groundwork leading to full and complete local ownership of the revenue allocation scheme.

How else but through local ownership would it be feasible for two disparate parliamentary structures to adopt these proposals, one of which had to be sustained by two independent decisions of the Federation Constitutional Court?

Local ownership manifested in other ways as well. In some cases partner municipalities, for their own reasons, initially opted not to accept a specific technical assistance offer from GAP. Subsequently, having observed results and feedback from participating municipalities, several of these partner municipalities reversed their earlier decisions. This occurred in the case of capital improvement planning and most notably with respect to financial management systems.

Two large municipalities, Tuzla and Bihac, agreed to implement the integrated accounting and budgeting system following an earlier declination in favor of software they had already been using.

The significance of this is that GAP never unilaterally imposed a particular reform but rather encouraged beneficiary consideration and buy-in, mainly through promotion of the benefits of the technical assistance package; thereby assuring local ownership.

#### Donor and International Community Interest in the BiH Municipal Sector

Implementation of GAP occurred during a period of growing interest within the international community in local government issues, and to some extent the impact of the Project successes have likely contributed to this increased interest.

- A third donor, the Embassy of the Kingdom of the Netherlands in Sarajevo (EKN), has joined USAID and Sida to support the follow-on Project...GAP2.
- Four major Ambassadors to BiH addressed the opening plenary session at the first Municipal Fair ever held in BiH in June 2007, including U.S. Ambassador Douglas McElhaney and Swedish Ambassador Lars-Erik Wingren.
- Donor Round Tables on Municipal Development in Bosnia and Herzegovina, initiated in December 2006 by The World Bank, brought together over a dozen donors and other institutions to evolve a unified strategy for local government capacity building in BiH.
- The European Union project Fiscal Policy Support to Bosnia and Herzegovina has launched a survey of the fiscal reporting requirements and systems in sub-entity governmental units (municipalities, cantons and extra-budgetary funds).

## **A. Impact (continued)**

### **Broad Results and Impact (continued)**

#### *Donor and International Community Interest in the BiH Municipal Sector (continued)*

- The Council of Europe conducted a consultation meeting in March 2007 with Federation parliamentarians in Strasbourg, which focused on reform of local self-government in FBiH with a view toward harmonization with the European Charter.
- The multi-donor Land Administration Project in BiH, in coordination with other projects including GAP, is working on six municipal pilot-projects in which they plan to provide a joint database for (i) municipal administration, (ii) cadastre and (iii) land registry (courts). Three of the six pilot-municipalities are GAP partners - Trebinje, Jablanica and Goražde.

As part of this effort, GAP worked jointly with the GTZ and the municipal administration in partner municipalities to prepare urban and spatial information ensuring that the municipal urbanism database is compatible with the cadastral and land-registry database.

- In March 2007, the World Bank Institute conducted a three-day Workshop on Local Governance and Social Accountability. GAP staff participated.
- The Federation Association of Municipalities and Cities conducted their first General Assembly in five years in March 2007. The meeting represented a major step forward for this once benign (at best) institution.

Guests included two members of the BiH Presidency, and representatives of (i) diplomatic missions, (ii) the Delegation of the European Commission, (iii) the Organization for Security and Cooperation in Europe, and (iv) the Directorate for European Integration in BiH.

#### *Promotion of Cross Entity Communication*

If cross entity communication (with the hope that it eventually leads to cooperation) is to occur at any government level, it will most likely emerge within the municipal sector. Mayors recognize that they share common problems in local government administration and management. Often, they see that the solution for these problems is more important than any ethnic label that might otherwise be attached to that solution.

GAP activities, to the extent possible, have fostered such communication:

- The GAP regional structure, centered around the four hub cities of Banja Luka, Mostar, Novo Sarajevo and Tuzla, is cross entity, i.e. each office serves municipalities in the Federation and the RS, irrespective of the field office physical location.
- Where indicated by the subject matter and logistical considerations; conferences, seminars, workshops and study tours have been organized on a bi-entity basis.
- The municipal associations from each entity joined (with GAP and the Danish Refugee Council) to cosponsor the first Municipal Fair in BiH. Participants from both the Federation and the RS attended all of the Fair events.
- RS mayors from time to time would attend protocol events in Federation municipalities and vice versa.

## A. Impact (continued)

### Sustainability of Results

Long-term success of Project reforms is the *sine qua non* of concerted and directed efforts to promote sustainability. In the case of GAP, sustainability is more than an amorphous target to be achieved (or not achieved) at some future date; *for GAP, sustainability has arrived*. There is overwhelming, hard evidence to support the thesis that the legacy of GAP will be one of permanent, irreversible progress.

- Many of the improvements introduced by GAP have reached a practical (and political) “point of no return”. It would be unthinkable that a municipality, having invested so much and so successfully, improving citizen and business satisfaction would be susceptible to backsliding to former ways. The citizen service center, financial management reforms, capital improvement planning and citizen participation clearly fall within this categorization.
- Feedback mechanisms are installed ensuring continuous promotion of activities (e.g. advisory boards, public opinion research and complaint procedures).
- Demand driven expansion of technical assistance (e.g. municipality requests for capital improvement planning capability; and spillover affect of urban-pilot project municipalities on other local governments).
- On their own initiative, municipalities have expanded on procedures originally introduced by GAP (e.g. first and second year renewal of multi-year capital plans; local public opinion research and CDPC methodology for identification and ranking of project proposals).
- New positions established during the implementation of GAP are being formalized into municipal organization structures. These positions include citizen service center manager, IT administrator, information desk officer, and urban-permit center officer.
- Inspired by GAP technical assistance, three leading BiH urban institutes (Tuzla, Banja Luka and Sarajevo) have started to apply elements of zoning methodology - to the extent possible within existing legislation - in the spatial, urban, and regulatory plans they develop for municipalities.
- The implementation of GAP has directly contributed to strengthening of nascent homegrown service providers especially local software development firms. The primary software vendor on GAP, selected using Sida Procurement Guidelines, has increased staff by sixty-seven percent to twenty-five personnel, providing improved maintenance and support, and demonstrating a strong ongoing position in market.
- Mayors and municipal administrations are using reports from the document tracking system and feedback from complaint procedures to identify bottlenecks or other problems and intervene as necessary.
- Partner municipalities regularly prepare status reports on efficiency of service delivery and present them to the wider public.
- Both entity associations of municipalities and cities have agreed to treat the *Budget and Finance Guide for Municipalities in Bosnia and Herzegovina* as their own product and to continue updating it in future. NGOs and some international organizations in BiH, recognizing the value of the *Guide*, are promoting its procedures within their sphere of influence.

## A. Impact (continued)

### Institutional Capacity Building

GAP would have been neither successful nor sustainable without a comprehensive approach to capacity building. Earlier sections of this Report have highlighted aspects of training and the practical publications that substantially strengthened the capabilities of local counterparts and their respective institutions. Expanded discussion of this aspect of GAP activities is provided under the following categories:

- Raising capacities through assistance and training
- Public procurement
- The use of local expertise in capacity building
- Organizational interventions

#### *Raising Capacities Through Assistance and Training*

Building local institutional capacity was a major priority during implementation of GAP technical assistance. This occurred across the board in both policy and direct municipal intervention activities including the following focus areas:

Public procurement	Process mapping and reengineering
Customer behavior	Local economic development
Municipal borrowing	Citizen service center and financial management software applications
Public outreach and information skills	Leadership skills
Revenue maximization techniques	Capital improvement planning
Municipal budgeting and finance	Revenue simulation models
Local government revenue reporting	Geographic information system technology
Public participation	Public opinion research
Human resources management	Cost-accounting in municipal financial management
Internal communications	Information technologies in public administration management
Complaint procedures	Entity Finance Ministries
Business permit improvements	Participation of mjesne zajednice
Urban permitting	Exchange of good practice
Zoning	
Association strengthening	
Policy development	

This capacity building has significantly strengthened the capabilities of counterparts, improving their skills to:

- Conduct basic customer behavior training and introduce customer orientation as an important focus of all municipal operations (three staff members per partner municipality and the citizen service center manager)
- Implement complaint procedures
- Introduce basic process reengineering (three to five staff members per partner municipality)
- Conduct public presentations (two staff per municipality), community outreach and public opinion research
- Introduce improvements on their own initiative
- Actively engage citizens, external parties, higher levels of government and lobby for policy and procedural improvements
- Employ IT technology

## A. Impact (continued)

### Institutional Capacity Building (continued)

#### *Raising Capacities Through Assistance and Training (continued)*

- Produce and maintain citizens guides
- Use and maintain intranet
- Produce performance reports
- Use human resource management tools
- Enhance internal communications and procedures
- Use cutting-edge financial management tools, technology and forecasting methodologies and models (municipal and entity finance staff)
- Use GIS software for planning and permitting (municipal urbanism staff)

#### *Public procurement*

GAP has surely made one of the single largest contributions to public procurement capacity building at the local government level in BiH. Officials in partner municipalities can now conduct public procurements in a legally sound, efficient and transparent manner. By using the recently adopted (2004) European Union model procurement procedures for implementing GAP grants, local officials achieved an important new skill; the overall activity became a giant learn-by-doing exercise.

An important initiative of the GAP policy team to train personnel from all BiH municipalities in public procurement requirements further reinforced this activity.

In addition to coaching the municipalities in the overall public procurement process, GAP assisted the municipalities in preparing technical specifications for tender documentation for various hardware and software procurements; expertise that was lacking in most partner municipalities.

This was an important learning experience for the municipalities, which now understand how to reference detailed technical data and required standards for most sophisticated items such as servers, special capacity computers, GIS and spatial data servers, *et al.*

Further in the policy sphere, with GAP support the municipal Associations organized a number of public hearings at which local government representatives discussed the practical application of the BiH Public Procurement Law. Based on these discussions, a list of amendments to the Law were drafted and forwarded to appropriate proponents for further consideration and procedure.

#### *The Use of Local Expertise in Capacity Building*

GAP has made wide use of local expertise for preparation and implementation of the various technical and policy assistance packages. With few exceptions,<sup>27</sup> local or regional expertise was preferred, rather than international, because of the following reasons:

- lower cost
- better understanding of the context in which the intervention is planned
- easier logistics and promptness in responding to unforeseen circumstances
- the expertise stays in country and continues to be accessible for BiH municipalities

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<sup>27</sup> For example, promotion of concepts new to BiH such as objective revenue sharing formulae and zoning principles.

## **A. Impact (continued)**

### **Institutional Capacity Building (continued)**

#### *The Use of Local Expertise in Capacity Building (continued)*

- sustainability of the project after it is closed
- no language barrier and eliminate the argument - "these proposals are smart but have nothing to do with us" - from the discussion
- the possibility to co-opt local professional institutions, contributing to capacity building<sup>28</sup>

GAP utilized more than thirty indigenous BiH consultants plus two experts from neighboring Serbia. Many of these were public sector officials, and their employers never denied any candidate the opportunity to work for GAP, recognizing the value to them of experience gained from an international project. Several of these experts have requested reference letters from GAP.

The primary incentive for candidates seeking these positions is probably not economic because the daily rate paid by GAP was limited by the consultant's prior earning history.

As discussed in earlier sections of this Report, staff from partner and non-partner municipalities conducted many training sessions. Without compensation, many officials served as expert guest speakers or trainers, highlighting the practicality and benefits of the new skills and knowledge offered by GAP.

Finally, the full time GAP local staff, municipal experts in their own right having developed through training, coaching and practical delivery of assistance, will continue to represent an invaluable asset for BiH, hopefully now stronger because of their GAP experience.

#### *Organizational Interventions*

GAP has raised awareness of the importance of CSC managers, IT administrators and information-desk officers, as key functionaries in customer-oriented municipal management. Implementing these new positions has not been without challenges and the process is likely to continue to mature beyond the timeframe of this Project.

As discussed in more detail elsewhere in this Report, GAP produced management consultant reports for nine municipalities that provided valuable insight for the Mayors on organizational options within their jurisdiction and substantially strengthened their capability to organize more effective municipal institutions.

GAP played an important role in preparation and adoption of a rulebook on financial management documentation for the City of Mostar. The rulebook, based on existing material adopted by the City but needing revision to reflect modern financial management practices and implementation of a municipal treasury system, now reflects the special organizational structure of the City.

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<sup>28</sup> The Canton Sarajevo Urban Institute (CSUI) is the only institution eligible (Cantonal Planning Law) to provide Canton Sarajevo municipalities with planning documentation. The role of two GAP local short-term technical advisors, employees of CSUI, was instrumental in preparing a regulatory plan using GIS software and zoning methodology for the Novo Sarajevo urban pilot project. Based on their work with GAP in Novo Sarajevo, CSUI is now capable of applying the zoning methodology and GIS within the entire Sarajevo Canton administrative region.

## A. Impact (continued)

### Institutional Capacity Building (continued)

#### *Organizational Interventions (continued)*

To successfully implement the financial management system in Mostar, GAP defined the role of six major organizational units (departments) in the financial management system and the budget execution process. GAP recommendations included strengthening the role of budget officers in each department, and enabling each department head to exercise complete overview of the budget planning and the budget execution for his or her department.

### Public Knowledge and Attitudes

Attracting considerable media coverage, more than one hundred opening events and inaugural ceremonies commemorated the completion of GAP-assisted projects beginning in 2005.

	<u>Events</u>
Citizen Service Centers	40
Community Development Projects	69
Urban Permitting Centers	6

These colorful events served to keep the public informed about GAP activities on a regular basis providing them with an opportunity to observe first hand the concrete results of cooperation between GAP and their municipality.

Launched on January 10, 2006 the GAP website ([www.bihgap.ba](http://www.bihgap.ba)) serves as an extensive resource for information and material on GAP programs. GAP also produced two Project brochures in three languages (local, English and Swedish) and distributed approximately 7,800 copies. The Project team produced ten individual success stories to raise public awareness about particular aspects of GAP's activity and accomplishments achieved.

As described elsewhere in this Report, the Project used the occasion of the first-ever Municipal Fair in Bosnia and Herzegovina, held in partner-municipality Gradačac in June 2007, to disseminate a comprehensive message about GAP technical assistance through thematic workshops and written materials.

GAP assiduously avoided any overt self-promotion; image building was not necessary because the word on GAP good works spread rapidly among beneficiaries and internationals. Nevertheless, the Project cooperated fully with all client requests for periodic activity reports, hosting of visiting and in-country delegations, presentations for the international community, donor media efforts and protocol events.

## **B. Continuity**

In April 2007, Development Alternatives, Inc. (DAI) submitted a comprehensive Project closedown plan to the donors, including the following essential elements:

- an update on performance goals and deliverables,
- a scope of work for DAI home office assistance for closedown,
- an administrative closedown plan, and
- an inventory disposition plan.<sup>29</sup>

In the meantime, some elements of the closedown plan are temporarily on hold because the clients and DAI executed three no-cost extensions of the duration of the Project, moving the end date to November 26, 2007.

During the extension period, Project staff performed a substantial number of tasks that will ensure the great positive momentum developed during GAP would continue without interruption until the program handover to GAP2. See Annex VII for details and the status of this effort.

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<sup>29</sup> The disposition plan assumes that the inventory will transition to GAP2.



## CHAPTER FIVE: FINANCIAL SUMMARY

*“...keep a scrupulous accounting in financial matters.”*  
***Wystan Hugh Auden***, poet; circa 1947

### Delivery Under Budget

Development Alternatives, Inc. has delivered what is arguably one of the most successful international projects to be completed in Bosnia and Herzegovina. The task was implemented within the original contract funding limitation, while at the same time:

- (i) the Project recorded several achievements in excess of contract requirements, as described earlier in this Report, and
- (ii) two unexpected no-cost extensions maintained Project momentum and allowed the completion of a number of additional deliverables (see Annex VII).

It is estimated that the Project will spend approximately ninety-nine percent of the available USAID funds (\$10.7 million) and the available Sida funds (SEK 75.425 million).<sup>30</sup>

### One Project: Two Budgets

Through joint funding of a single Project, USAID and Sida were able to increase the value of their investments, by finding a common strategy and capitalizing on economies of scale. However, GAP administration was still responsible for managing two separate contracts, two separate budgets, and to a limited degree, up to three different procurement systems.

Except for the administrative complexity referenced above, the application of GAP funds in the field is made without attribution or labeling of the source as to either USAID or Sida; instead all funds were publicly referenced as USAID and Sida without making any other distinction. That said, the Sida funds were primarily used for grants, other material assistance and administration of the grants program.<sup>31</sup>

The USAID portion of the Project budget was mainly use for operational and administrative costs, technical assistance, and program costs.

Sida also furnished a third pool of money (SEK 425,000 or approximately \$55,000) through an addendum to the Sida Financing Agreement, which was used to provide public outreach training.

The separation of funds required GAP field staff to (i) determine accurately which money should be applied to each expense, (ii) review USAID invoices and produce Sida invoices, and (iii) track costs against three budgets.

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<sup>30</sup> This high realization rate against the Sida Financing Agreement occurred notwithstanding that currency conversion rates between the U.S. dollar and the SEK fluctuated through a significant band during the Project implementation, making it necessary to manage spending of these funds conservatively to avoid over-commitment.

<sup>31</sup> The major exception to this was funding for a six-week no-cost extension executed for the period September 16 to October 26, 2007. In this case, Sida supported operational and administrative costs as well.

## Managing Currency Fluctuation

Finally, and perhaps the greatest challenge of all, financial and operational management of the Project required vigilance and awareness of the relative valuations of three currencies (U.S. dollar, Swedish krona and BiH convertible mark). The conversion rate among these currencies fluctuated regularly during the implementation of GAP, leading to a number of budgeting and human resource concerns.

The Sida Financing Agreement is denominated in Swedish krona (SEK), but the Project budget, work plan and expenditures are tracked in U.S. dollars. The contract value is SEK 75 million, which was the equivalent of approximately \$10 million at the time the Project started. During the first half of GAP implementation, the value of the krona was generally falling against the value of the dollar. Accordingly, the yield of the Financing Agreement began to fall significantly below the \$10 million that was being budgeted to spend.

As a result, it was necessary to monitor and reduce spending in order to adapt to the shrinking budget. During 2006, the krona began regaining strength, more than making up for the previous loss in value to the contract and turning it eventually into a significant increase. With donor support, GAP programmed some of the additional money for new or expanded activities and the balance was used to fund a six-week no-cost extension of the Project.

## Subcontractors

Further complicating the financial management of the Project was the inclusion of six major subcontractors in the GAP consortium led by Development Alternatives, Inc.; however, every firm on this team made *substantial* contributions to the success of the Project.

Subcontractor	Subcontract Funding Source	Number of GAP Staff
Academy for Educational Development	Sida	10
Swedish Association of Local Authorities International Development Agency	USAID	9
Enterprise Development Agency	USAID	4
Independent Bureau for Humanitarian Issues	USAID	4
Social Impact	USAID	1
IGE Consulting, Ltd.	USAID	–

## Annex I: Indicators, Targets, Deliverables, and Accomplishments

GAP provided approximately \$8.5 million in material assistance to 41 partner municipalities, including the cost of software provider contracts, assistance to the four hub municipalities (Banja Luka, Tuzla, Mostar and Novo Sarajevo), and a small but important computer equipment donation to the two entity Ministries of Finance. Among other technology enhancements provided during implementation of the project were a total of 1,256 computers, seventy-six servers, approximately 370 printers and sixty-seven scanners.

Fourteen GAP municipal coordinators, six specialists, up to six grant coordinators, and six policy experts worked tirelessly with partner municipalities for over thirty months (following selection of the first cohort in January 2005).

Following are additional details on goals and accomplishments, supplementing the information reported in Chapter Three:

**Goal: By the end of the activity, at least forty local governments will function substantially better and provide superior service, with both citizens and businesses registering significantly increased satisfaction with municipal institutions**

GAP participated in the development of forty-one modernly equipped citizen service centers, benefiting more than one million citizens. The total cost of these interventions amounted to approximately \$3.6 million with the cost-share of the municipalities averaging over forty percent. Each GAP municipality was reborn with regard to better, or even superior, services created within newly established or upgraded centers.

There are many indicators supporting this conclusion: books of impressions established in every center are replete with words of praise; the increased number of improved services in general as reported by the monitoring and evaluation system; document tracking program usage in municipal management as verified by periodic performance audits; data entry completed or well underway for registrar books; better information dissemination within and out of the municipality.

However, the indicators most relevant to this particular goal relate to increased satisfaction of citizens and businesses. The GAP monitoring and evaluation program confirms that both of these groups have registered significantly increased satisfaction during the lifetime of the Project. Based upon interviews with thousands of citizens and municipally registered businesses, before and after the implementation of the citizen service centers and other interventions, GAP found an aggregate increase in citizen satisfaction of 14.5 points and business satisfaction of 11.8 points.<sup>32</sup>

Between ten to twenty different easy-to-use citizen guides are available at each center describing in detail each municipal administrative service. Access to information has significantly improved as a result of info-desk clerk performance.

GAP reviews indicate that ninety-three percent of municipal staff continue to utilize their new skills. Among some of the most dramatic results has been a seventy-four percent average reduction in the time needed to obtain birth, death, marriage, and citizenship certificates.

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<sup>32</sup> These measurements are recorded in “basis points”. The actual percentage increase in each case is significantly greater. Specifically, citizen satisfaction jumped from 69.3 basis points to 83.8 or an *increase of twenty-one percent*. Likewise, the change in business satisfaction was from 40.5 basis points to 52.3 basis points or an *increase of twenty-nine percent*. In each case, the changes recorded in the four control municipalities was substantially less, an improvement of approximately seven percent.

**Goal: By the end of the activity, at least forty local governments will function substantially better and provide superior service, with both citizens and businesses registering significantly increased satisfaction with municipal institutions (continued)**

In Goražde, the citizen satisfaction with the delivery of municipal services increased twenty points compared to the 2005 data! Citizen satisfaction with the municipal authorities increased nineteen points. The Mayor of Goražde, Mr. Mustafa Kurtović wrote to GAP:

*“In conversations with randomly selected citizens visiting the center, all of them expressed their satisfaction with services that make possible for them to exercise their rights in much more efficient and cost effective way, which proves that this project has fully achieved its objective and purpose” [emphasis added].*

One of the more noteworthy improvements measured was in the Municipality of Foča, the last to join as a GAP partner. In March 2006, when the Mayor signed the initial memorandum of understanding, only 10.8 percent of citizens were pleased with the services provided by their municipal administration. A year later, the citizen service center is operational and the GAP attitudinal survey indicates that citizen satisfaction escalated to 53.7 percent!

**Goal: Target municipalities will demonstrate superior service delivery in a series of objective measures, including reduced waiting times and efficiency improvements**

All partner municipalities centralized the citizen services at one location (including a permitting center, where applicable) at which all contacts between citizens and the municipality take place. This central location is equipped with a call center, fee-paying counter, citizen guides, and info-desk, all of which are electronically linked to back offices.

The center does not close for lunch breaks and staff is trained to operate at other counters if necessary to substitute for an absent colleague. Each municipality implements performance monitoring methods (e.g. advisory boards, public opinion research, complaint procedures) in order to evaluate citizens satisfaction with the services and pursue continuous efficiency improvements. Some examples are:

- In Ljubuški - if a queue is formed, citizens will be served by next available counter to minimize waiting.
- Prior to the GAP intervention, Tuzla municipality reduced birth certificate issuance time from two days to two hours. Changes introduced by GAP further reduced that time to one minute.
- Each administrative case is precisely monitored by the document tracking system. The Mayor of Velika Kladuša structures municipal staff meetings around unresolved cases and the measures necessary to close them.
- Regardless of political turmoil in the municipalities of Lopare, Vlasenica, Foča, Teslić and Bosansko Grahovo, where mayors were challenged by recall referenda, citizen service center activities were unimpaired and continued to provide superior services.
- The municipalities of Novo Sarajevo, Vogošća and Breza received ISO 9001:2000 Quality Management System certification during GAP implementation. In addition, Foča, Trebinje, Travnik, Kakanj and Goražde are in the final certification phase; and Rudo, Gradačac, Fojnica, Gradiška, Vlasenica, Srebrenica, Mrkonjić Grad, Bihać, Bugojno, Rogatica and Lopare have commenced the process leading to certification.

**Goal: Target municipalities will demonstrate superior service delivery in a series of objective measures, including reduced waiting times and efficiency improvements (continued)**

- Čelić reported that the time to deliver most services has been significantly reduced; for example, the time needed to obtain a decision on necessary minimal technical requirements for a business space is reduced from 2½ days to 1½ days.
- Twenty-one partner municipalities have completely digitalized their registry database in accordance with their respective action plans, including satellite offices in fourteen of these.

For example, in Jablanica the full main database is available in the municipality, and citizens from any community can receive registry services in the main building or in the offices in the communities they are registered in. Services are provided within seconds rather than hours or even days (which was the case prior to completion of the database).

In Gradiška, the municipality entered the registrar data of all satellite offices into the central citizen service center database; so that persons that were born in outlying areas and now live in town, do not have to go to remote satellite offices to get birth, marriage, death, or citizenship certificates. The municipality is also further improving services to those living in outlying areas by linking two satellite offices in the largest MZs (Dubrava and Topola).

Following opening of the urban permit center in Banja Luka, the issuance of a Regulatory Plan Excerpt for areas covered digitally takes only five minutes, whereas before the permit center the procedures took twenty-five days on average. Although baseline measurements are not available, reliable analysis indicates that the urban permitting process has been shortened by approximately thirty to sixty business days and efficiency of permitting was significantly increased.

Since this center opened, one hundred-five permit information requests were fulfilled utilizing GIS, and the percentage of incomplete applications for urban permits decreased from 12.8 percent in December 2006 to 4.2 percent in July 2007.

**Goal: Target municipalities will demonstrate ownership of reforms by their ability to instigate and sustain functional improvements of their own accord**

Municipalities in which citizen service centers functioned established a practice of continuous improvement, using their own funds and based on local needs, as illustrated by the following examples:

- Lopare added a new bulletin board and citizen guide displays
- Posušje municipality initiated secure access to back offices. All citizen service center staff now wear identification and carry magnetic entry cards. In case there is a need for a citizen to visit back offices, they are escorted through by a relevant staff member.
- In Breza, despite legal delays in the first year of Project implementation, the municipality achieved all targets thereby expediting graduation from the ISO 9001:2000 certification process, which occurred on May 15, 2007. The Mayor said the “timing for GAP was perfect!”

**Goal: Target municipalities will demonstrate ownership of reforms by their ability to instigate and sustain functional improvements of their own accord (continued)**

- Velika Kladuša initiated a number of significant improvements, including (i) two free information telephone lines for the citizen service and urban permitting centers, and (ii) reconstruction of the municipal building adding another floor and reorganizing office space for more efficient operations.

The Municipality has also been implementing a project with the United Nations Development Program SUTRA linking satellite offices (*mjesne kancelarije*) with the central CSC in order to decentralize services and enable citizens to obtain their certificates in the nearest MZ office.

- Vukosavlje is using public opinion research to measure citizen attitudes. For example, one survey may result in a revision of local taxes.
- Tomislavgrad has initiated rehabilitation of the municipal building and expanded the local area network. The municipality adopted a new systematization.
- Bosansko Grahovo has instituted an obligatory annual review of the citizen service center operations in order to improve performance.
- Following the opening of the citizen service center in Drvar, the municipality undertook major infrastructure and functional improvements to the entire building. Aiming to increase transparency, Drvar has financed development of an official web site: [www.opstinadrvar.org](http://www.opstinadrvar.org)
- Ljubuški provided new city maps and additional citizen guides for the citizen service center. The municipal council now has access to an expanded IT system, and a new municipal web site has been developed moving the municipality toward e-Government concepts. A cadastre counter and software has been installed in the CSC, allowing citizens to have immediate accurate information and timely delivery of requested documentation
- Bužim Municipality occasionally opens the one-stop-shop during weekend hours to serve citizens that work out of the country.
- Bihać continues to make large investments in order to optimize use of the information system established in partnership with GAP, showing high sensitivity to public demand, identified through regular customer satisfaction surveys.
- Sanski Most is implementing an expansion of the IT network, providing new hardware and improved citizen access to back office personnel, when required.
- As a result of unrelated court decisions after becoming a GAP partner, all municipal bank accounts in Vlasenica were blocked in 2005. GAP pledged to cover all costs of the citizen service center if necessary and the CSC was established. Now, two years after the municipality recovered financial control, it has been decided to expand the center and accommodate counters for urbanism, property-rights, minority return and rebuilding, and social welfare.
- In Teslić, the citizen service center Datanova functionality was connected with satellite offices in the Blatnica, Čečava and Pribinić MZs enabling citizens to get birth, death and marriage certificates without going directly to the main CSC. Computers have been provided, and the local area network expanded, to every municipal employee.

**Goal: Target municipalities will have undertaken at least three major steps to improve the business environment**

Additional significant steps undertaken by target municipalities to improve the business environment include:

A. Services to citizens and businesses improved

GAP partners implemented at least ten activities related to improving the business environment in their municipalities. Examples are the centers for urban permits, capital improvement planning, leadership roundtables, improved financial management, and strategic planning. Each partner municipality reengineered its business registration procedure. In addition, citizen guides related to business procedures are produced and being constantly updated by each partner municipality. Data needed by potential investors is available at the municipal information desk including plans, statistics, procedures, analyses and procurement information.

The citizen service center itself, the flagship of GAP municipal inventions, contributed significantly to expeditious business registration procedures. For example, in Ljubuški, the procedure was reduced in time from ten days prior to GAP involvement down to as little as two days following the opening of the CSC.

In addition, appropriate new forms; brochures and guides have been developed as well as an updated municipal register of activities, which offers information flow and accurate figures for various businesses.

Among the most notable business-related improvements by GAP was achieved within the urban-permitting technical assistance package in the form of modern geographic information system (GIS) technology introduced in twenty GAP municipalities and the urban permitting centers that were opened with this capability. The following discussion is also related to other goals of the Project such as reduced waiting time and increased customer satisfaction.

*Novo Sarajevo:* This municipality was a pioneer in modernized urban permitting. It was the first to open an urban permit center (March 29, 2007). The center features automated GIS-based processing of urban data allowing for transparent, quick and user-friendly permitting in the selected pilot area. At the customer's request, the information relative to availability and requirements for development is generated instantaneously from the database. Novo Sarajevo plans to expand the database to cover the entire municipality, thereby being capable to electronically process every permit request in the future.

Following completion of the GAP-sponsored permit center project, Novo Sarajevo has begun developing a concept dubbed "service oriented architecture" (or SOA) that was envisioned by urbanism and IT staff in the Municipality. The idea is to link the GIS database and the integrated accounting and budgeting system with the digitized real estate registry.

These web-enabled databases would be accessible to share information through use of different tools and allow internal communication among municipal departments by means of intranet as well as communicate with external partners through the internet.

*Banja Luka:* The permit center was opened on May 9, 2007. This was a major breakthrough for the City, which also plans to extend the technology to other areas beyond the pilot. Here as well the result has been to significantly shorten the time needed for citizens and investors to start construction.

*Travnik:* The municipality opened the permit center on June 11, 2007 with a web-based GIS application, which provides information on construction requirements and related costs over a

**Goal: Target municipalities will have undertaken at least three major steps to improve the business environment (continued)**

regular internet connection using common web browsers. The web link for urban permitting will be incorporated into the municipal web page, facilitating a simple web search for desired information. It is possible to print hard copies of the information either in the permit center or elsewhere (if using an internet inquiry). A newly employed urbanism specialist has been permanently assigned to run the center.

*Tuzla:* Opening of the center for spatial planning occurred on June 19, 2007. An IT administrator has been appointed to work exclusively for the Department of Spatial Planning to manage the GIS system and associated database. All digital maps and data are being stored on the server for spatial data.

*Velika Kladuša:* The municipality opened the permit center on June 25, 2007 using interim space in two back offices. A new, larger “urban one-stop-shop” will be constructed following a model seen during the GAP urbanism study tour to the Czech Republic.

The GAP approach to improvement of permitting procedures through integration of document tracking with GIS planning databases, and joining this reform with a more flexible regulatory tool, i.e. zoning methodology, is the first real progress in this sector in BiH. Even though the reform is still only in a pilot phase, the benefits of the approach are readily visible.

The achievement is remarkable given that consensus had to be reached among external stakeholders (regulated through memoranda of understanding) to provide municipalities with infrastructure related data at the level of detail of an individual parcel. The initial agreements reached with utility service companies in Novo Sarajevo represented a true landmark event and was soon followed by the other pilot project participants.

Investors can now access required information *before* making any commitments and investments in land ownership and construction design. Other results include a shortening of the processing time for issuance of an urban permit by about forty percent in the test areas, and a reduction in costs and require site visits. Multiple requirements for external (communal and others) permits and consent is collapsed into a single transaction - after the investor has decided to commence construction. Finally, creating a central GIS database within the municipality, even though a lengthy and continuous process will become the basis for establishing an urban land management system and controlled development.

B. Upon request of partner municipalities, GAP has provided technical assistance for local economic development based on dialog with business and citizens, and employing the following steps:

- Definition of need for “improved business environment” in local communities and related training of key staff; this step often included roundtables with the business community.
- Preparation of local economic development strategies.
- Improved access to information about municipal growth potential (called socio-economic audits),
- Implementation of local economic development strategies.
- Preparation of action plans.
- Implementation of locally supported projects in order to improve the business environment.
- Establishment of information channels among local economic development interests, e.g. forums.
- Improved capacity for project management.

**Goal: Target municipalities will have made at least three major improvements to raise levels of transparency and information flow within municipal structures and to citizens**

Transparency, information flow and public participation opportunities expanded greatly under the influence of the GAP community development grant program.

Of the twenty-three community development planning committees (CDPC) mobilized during the life of GAP to nominate grant project proposals, eight have transformed into capital improvement planning coordination teams (CT).<sup>33</sup> Eleven of the fifteen residual CDPCs<sup>34</sup> remain active today. Twenty-three CTs are also active.

Furthermore, GAP has shown its versatility by supporting existing institutions that promote similar values of transparency and participation, having successfully implemented community development grants in Srebrenica, Lopare and Kalesija using bodies created by the United Nations Development Program and the Organization for Security and Cooperation in Europe.<sup>35</sup>

Using all of these vehicles, GAP awarded a total of 148 community development grants amounting to \$3.85 million in the forty-one partner municipalities. Grantees contributed another \$1.89 million or thirty-three percent of the total investment of \$5.74 million. The public participation process and resulting transparency ensured that all of these projects reflected compelling local priorities.

While the visible result may have initially appeared the most important to the community, the process by which priorities were identified and citizen input was utilized has succeeded, as intended, to institutionalize democratic and accountable local governance.<sup>36</sup> Some specific examples include:

- In Bosansko Grahovo the community development planning committee and methodology were used for projects funded by the International Fund for Agriculture Development during 2006. The Municipality has repeated the procedure of gathering project proposals, this time financed by The World Bank and OdRaz.<sup>37</sup>
- The CDPC in first-cohort municipality Sanski Most has expanded its activities, having adopted the local economic development strategy and in gathering project proposals for the “Ljeto na Sani” traditional manifestation. The Municipality, together with the NGO sector, is implementing a project of mobilizing youth in social programs. The CDPC represents various target groups from the local community and the continued activity of this body ensures increased transparency and information flow between government and citizens.
- The Bugojno community development planning committee is playing an important role in the implementation of the local economic development strategy.

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<sup>33</sup> Rogatica, Srbac, Foča, Vlasenica, Trebinje, Nevesinje, Travnik and Posušje.

<sup>34</sup> The high rate of survivability of the community development planning committees (more than eighty-five percent, including those that converted to CIP CTs) reversed some early fears that these vehicles would not be sustainable.

<sup>35</sup> These bodies include the Rights-Based Municipal Assessment and Planning Project (RMAP) and the Municipal Development Planning Committee (MDPC) respectively.

<sup>36</sup> This is paraphrased from the USAID task order statement of work.

<sup>37</sup> OdRaz is the Foundation for Sustainable Development in BiH.

**Goal: Target municipalities will have made at least three major improvements to raise levels of transparency and information flow within municipal structures and to citizens (continued)**

- CDPC prioritized projects in Vukosavlje were included in applications for RS government funding in 2007 and 2008.
- In Mrkonjić Grad the Mayor and Municipal Assembly Speaker have invested substantial effort in promotion of five-year capital improvement plans. As a result, the Municipality received a 10,000 KM grant from the Czech Embassy for reconstruction of a children's park. The capital improvement planning coordination team is now updating the five-year program for the third time. Obviously, the methodology has been institutionalized in the Municipality as a continuing process.

As described in detail in other sections of this Report, GAP has also significantly enhanced transparency and information flow through (i) the information desk software and related new procedures in every citizen service center, (ii) the modern urban permitting and planning systems and related pilot projects, and (iii) the development of websites meeting the needs of over 200,000 underserved citizens in the municipalities of Bosansko Grahovo, Bugojno, Kalesija, Nevesinje, Prozor-Rama, Travnik, Tomislavgrad and Vukosavlje.

**Goal: Target municipalities will be better able to make educated decisions on revenue collection and outlays**

The integrated accounting and budgeting system has substantially improved the capacity of municipal finance departments, as well as other departments in charge of collecting revenues, to analyze the financial situation of the municipality and prepare reports for municipal management staff.

Reports from the system assist in forecasting revenue and expenditures, identification of revenue sources that are not sufficiently utilized, improvement of cost-efficiency of municipal services, and analysis of information that would be useful in supporting a municipal credit rating.

In particular, the cutting-edge cost accounting module of the financial management system can substantially contribute to more educated decisions on outlays.

The revenue maximization program included preparation of municipality specific revenue manuals, introduction of efficient cash management concepts, development of a program for collection of delinquent accounts, and training on internal controls.

The application of these tools resulted in consistent information regarding taxes, fees and compensation, and proper organizational procedures for collection of revenues. Excel revenue maximization tools together with the related methodology have been integrated in the integrated accounting and budgeting system.

As reported by the monitoring and evaluation system, first cohort municipalities nearly doubled the growth rate of own-source revenue in fiscal year 2006 vs. 2005 (growing by twenty-seven percent). In the same period, second cohort municipality own-source revenue grew by thirty-five percent.

**Goal: Target municipalities will have modern, formalized – and to the extent possible, uniform – budget/finance systems in place and utilized**

In general, all users of the newly developed integrated accounting and budgeting system can generate detailed reports required by the mayor, other managers, the municipal legislative body and higher-level governments. Additional details concerning the successful implementation of the integrated accounting and budgeting system follow:

- Teslić had a new, modern legacy financial system that preceded GAP, however the municipality found the integrated accounting and budgeting system to be functionally superior particularly because of its integrated features.

The Department of Housing and Utilities annually issues over 5,500 resolutions for various rents, fees, etc. This demanding workload is now handled more efficiently and accurately because the Department is a direct user of Finova linked with the Department of Finance. Using financial templates and automatic creation of invoices, the time needed for this work has been significantly reduced. This improvement contributes to better control on collection of fees and charges.

- Vukosavlje did not have a financial management system. Among other things, the municipality is now identifying and entering information into the system on municipal assets. With better information, there will be opportunity for future revenue increases.
- Tuzla municipality also had preexisting software for financial management. However, their legacy system did not have modules for management of accounts receivable, assets and small inventory and their payroll module was limited. GAP offered to either upgrade the existing system or to add Tuzla to the Finova implementation. The municipality chose the latter because of its superior functionality.
- Jablanica was an existing user of the earlier versions of the GAP-sponsored software (Finova XP). The transition to the integrated accounting and budgeting system was smooth with finance staff sufficiently cross-trained on modules to provide coverage beyond their own sphere of responsibility. Interventions by the software vendor were minimal and most municipal staff members are able to eliminate technical issues over the telephone.
- After a number of slow starts in the City of Mostar, the integrated accounting and budgeting software is fully functional with all modules in use by over twenty operators at four different locations connected into the integrated system. The City has made remarkable progress in adopting the relevant documentation to support the functions of the system, **and now represents one of the most successful implementations of this system achieved by GAP.**
- In Kakanj, for several years the municipal finance department used a DOS-based program to process their financial records. In 2006 when GAP introduced the integrated accounting and budgeting system, the resistance of municipal staff was the biggest challenge in the process! A year later, all staff are trained to operate the full ten modules, and proudly call themselves system pioneers!
- The municipalities of Gradiška, Teslić, Foča, Prozor-Rama, Srbac, Kakanj, Mostar, Rogatica, Konjic, Čelić, Mrkonjić Grad, Nevesinje, Travnik, Bosansko Grahovo, Trebinje and Bugojno have elected to integrate their revenue generating departments (urban, communal etc.) into the financial management system using the accounts receivable module. Each valid revenue transaction will be automatically posted in the general ledger, saving time of financial department staff and ensuring the timeliness and transparency of the revenue collection process.

**Goal: Municipalities and banks will be more knowledgeable about medium and long-term municipal loan products**

Prior to the suspension of activities on component four (Municipal Loan Assistance and Packaging) GAP worked intensively with the Municipality of Lopare to prepare analyses and information necessary for the RS Ministry of Finance to authorize a municipal loan for a road improvement project.

This work resulted in a positive decision from the Ministry and the municipality undertook the placement of a 1.2 million KM loan using the public procurement law of BiH. Six banks offered bids on the ten-year loan. Following analysis of the proposals, the offer of Nova Banjalučka Banka a.d., Banja Luka was selected. Lopare contracted for the loan, in the amount of 613,550 € on April 10, 2007 with an annual interest rate of Euribor +2.5 percent. The loan is intended for paving of rural roads and town streets.

This “case study” will provide significant guidance for future loan placements when the policy environment becomes more amenable to municipal borrowing.

## Annex II: Methodology

### Project Monitoring and Evaluation System (M&E)<sup>38</sup>

#### Introduction

From the very beginning of the Governance Accountability Project (GAP), careful attention was employed in developing procedures for monitoring and evaluation of all project activities to document the progress of the Project in achieving targets. GAP managers employed three strategies to measure project performance over the life of the project. These evaluation strategies included:

- Development of a performance-monitoring plan wherein key indicators were identified to track project activities in each of the GAP component areas.
- Use of the municipal capacity index (MCI) protocol for collecting information at the municipal level on governance and institutional change resulting from GAP municipal interventions. The MCI also functioned as a timely management tool for Project personnel.
- Conduct of an annual attitudinal survey to gauge the reaction of citizens to perceived changes taking place in their communities in the area of governance or the institutional structure of their local government.

#### GAP Performance Monitoring Plan (PMP)

The GAP performance-monitoring plan was an important tool for managing and documenting portfolio performance. It enabled timely and consistent collection of comparable performance data that allowed project managers to make informed decisions on the overall management of the Project as well as any necessary changes in the project design. The principles governing design and development of the GAP PMP were based on the USAID guidelines for assessing and learning (see ADS 203.3.2.1). These are:

- ***The PMP is primarily a tool for self-assessment:*** The PMP was developed to enable GAP managers, as well as the USAID and Sida, to actively and systematically monitor progress in achieving objectives, therein allowing the Project or the donors to take action when necessary to improve project performance;
- ***Performance-informed decision-making:*** The GAP PMP was also designed to ensure that management decisions at all levels benefit from the best available information on performance at key points in the life of the Project.
- ***Candor and transparency:*** Assessment of indicators and data have been conducted annually to determine any obvious limitations in the quality of the data being collected through the GAP PMP; and,
- ***Economy of effort:*** When selecting and modifying GAP PMP indicators, efforts were made to streamline and minimize the burden of data collection and reporting. With few exceptions, indicators were chosen that emphasized quantifiable information rather than qualitative data.

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<sup>38</sup> This Annex is an updated summary of the complete M&E findings contained in the *Final Monitoring and Evaluation Report*.

## **Project Monitoring and Evaluation System (M&E) - continued**

### GAP Performance Monitoring Plan (PMP) - continued

Moreover, the PMP indicators were those determined to be most useful for decision-makers regarding project progress.

The aforementioned considerations are directly linked to data collected quarterly, semi-annually and annually, depending on the reporting schedule for specific performance indicators.

### GAP Municipal Capacity Index (MCI)

The municipal capacity index is a weighted index that measured the performance of participating municipalities in five areas of GAP assistance. The purpose of the index was to provide a realistic, objective evaluation of the improvement within partner municipalities in the areas specified by donors. The MCI converted a complex set of qualitative data and presented it using a quantitative scale - a score from 0-100 for each municipality.

The MCI tracks the broad goals of the Project with regard to activities in the partner municipalities by defining the five categories of indices totaling 100 points, such as (i) improved interaction between citizens and local government, (ii) financial management, (iii) revenue generation, (iv) improved service delivery by local government, and (v) transparency. The index categories suggested for consideration and measurement by GAP were as follows:

- Citizens oriented services
- Municipal management and information systems
- Municipal policy and accountability procedures
- Transparency and citizen participation in decision-making
- Revenue generation and financial management.

Within each category, a number of performance indicators were identified (twenty all together), each valued at a maximum of five points. These indicators were tied to specific outputs presented in the DAI Technical Proposal for GAP.

Questions were graded on a five-point scale. Most of the questions, unless otherwise stated, followed the same scoring progression:

- zero points – the municipality is not in compliance with the law or concepts promoted by the program;
- one point – the municipality is compliant with laws or has reached a minimum standard;
- two points – some additional steps have been taken to improve;
- three points – further steps have been taken, or better integrated, or taken with a view toward longer term planning;
- four points – citizen feedback is incorporated into the change or more formal and comprehensive procedures have been adopted;
- five points – the municipality has reached the ideal level, impact is clearly recognized, and institutionalization is assured.

Scores were progressive. A municipality had to meet all the criteria assigned to points one, two, three and four before consideration to qualify for five points.

MCI data was used to evaluate Project success by region, by category and over time. Information from partner municipalities was evaluated against data collected in municipalities not participating in GAP. The latter served as control group municipalities from which to assess the

## **Project Monitoring and Evaluation System (M&E) - continued**

### GAP Municipal Capacity Index (MCI) - continued

affect of general reforms that might be occurring unrelated to Project interventions. GAP calculated MCI scores every six months.

Assuming that a municipality was committed to reform, achievement of results as measured by the MCI, was largely a function of the successful implementation of the GAP work plan. Therefore, the MCI was an excellent measure of Project performance. MCI data was also compared to citizen survey results, though not combined, to see if objectively measured municipal capacity changes had the expected impact on subjective citizen perceptions.

The municipal capacity index approach had a number of characteristics that made it ideal for GAP performance monitoring:

- ***It did not reinvent the wheel.*** Although the MCI survey is customized for the Project, the five index categories listed above are always the same, the municipal capacity index is not a new tool but is based on DAI experience in the CEE and NIS regions.
- ***Data was readily available.*** The necessary data was largely readily available to GAP personnel, thereby avoiding expensive attitudinal, efficiency, or economic surveys. Index elements measured the presence or absence of factors relevant to strong municipal capacity.
- ***The MCI provided valuable control group information.*** The index was applied, and data gathered, from both partner and non-partner municipalities, so that comparisons between the two could be made. A significant weakness of many performance-monitoring programs is the absence of data on control groups. Donors and implementers have traditionally had trouble in the democracy and governance area with the issue of attribution. Collection of data on the control groups helps address this problem.
- ***Data integrity assurance was built-in.*** Scoring was the result of on-site interviews and data confirmation in each of the partner and control group municipalities. A formal data quality review examines the integrity of data on an annual basis.
- ***Findings were useful to managers.*** Data from the MCI was available to municipal officials and department managers to view the respective strengths and weaknesses identified in their municipal government. Officials could then begin the planning process for addressing shortcomings, e.g. enhancing the capacity of a particular administrative unit.

### GAP Attitudinal Surveys

The performance-monitoring plan includes periodic attitudinal surveys to gauge citizen and business perception of municipal governance. Two performance indicators from the PMP were measured through the attitudinal surveys. These performance indicators were:

**1A-5** Percentage of citizens satisfied with municipal service delivery, and

**1B-4** Percentage of business owners satisfied with municipal service delivery.

Survey results helped GAP management, field staff, partner municipalities and working groups to refocus or improve the current approach to municipal services. Annual repetition of the surveys were compared to baseline data and provided an indication of the results of implementation of the

## **Project Monitoring and Evaluation System (M&E) - continued**

### GAP Attitudinal Surveys (continued)

Project and assisted municipal partners during their planning and decision-making activities.

Survey questionnaires were developed by GAP staff to efficiently elicit responses on the quality of municipal services. Face-to-face interviews were conducted in each of the forty-one GAP partner municipalities and four control municipalities. The surveys were performed in April 2005 (baseline), March 2006 and March 2007.

In municipalities with more than 15,000 residents (twenty-nine of the total), the sample size for the citizen survey was 300 completed questionnaires. In the municipalities with less than 15,000 residents (sixteen of the total), the sample size for the citizen survey was 100 completed questionnaires. Participants in this survey were randomly selected from the population identified as “direct users of the municipal services” at least two or three times per year.

With respect to the business survey, the sample sizes were thirty businesses and ten businesses respectively. These interviews mostly took place with owners of businesses that were registered in the municipality.

The surveys were accomplished using pollsters that were hired on a short-term basis. The pollsters were eighteen years of age or older, and were mainly university students in social sciences residing in the municipality where the poll was performed. One pollster was selected for each municipality. Training on the technique and technology of the surveys was provided for all pollsters. The training took place in each regional office, conducted by the GAP monitoring and evaluation officer and the citizens services specialist.

With respect to the citizen surveys, more than 26,000 interviews were completed in three separate polls. Approximately 380,000 data elements were analyzed using MS excel. The pollsters approached almost 35,000 citizens; however, many either did not qualify for the poll or did not wish to participate. The citizen survey response rate was, over three years, eighty-three percent.

With respect to gender, the response ratio was sixty-four percent male and thirty-six percent female. Analysis indicates insignificant differences in opinion by gender, age or urban vs. rural origin. Additionally, pollsters conducted 2,800 business survey interviews in the partner and control municipalities in three surveys. Approximately 50,000 data elements were analyzed. The response rate for the business survey was also eighty-three percent.

### Monitoring and Evaluation Feedback

The following highlights two examples where results from the monitoring and evaluation system were used to take corrective measures or redesign activities. Following the second attitudinal survey completed in March 2006, it was clear that citizen satisfaction with municipal service delivery had recorded a significant year-on-year increase. However, business satisfaction did not show the same dramatic improvement, increasing only slightly (within the margin of error of the survey).

This was an alarm bell for GAP managers. Efforts to create business friendly municipalities were carefully reexamined and it was decided to modify the existing approach. The opportunity was seized to refill the earlier vacated position of local economic development specialist, and to supplement those efforts with short-term technical advisory help. These resources helped to encourage partner Mayors to focus on this activity. The redesigned approach relied on increased

## **Project Monitoring and Evaluation System (M&E) - continued**

### *Monitoring and Evaluation Feedback (continued)*

round tables and enhanced integration of local economic development activities with other GAP initiatives such as urbanism and capital improvement planning.

Following this more intensive approach, the subsequent attitudinal survey (March 2007) showed an increase in business satisfaction with municipal service delivery of nearly eleven points, compared to the baseline survey.

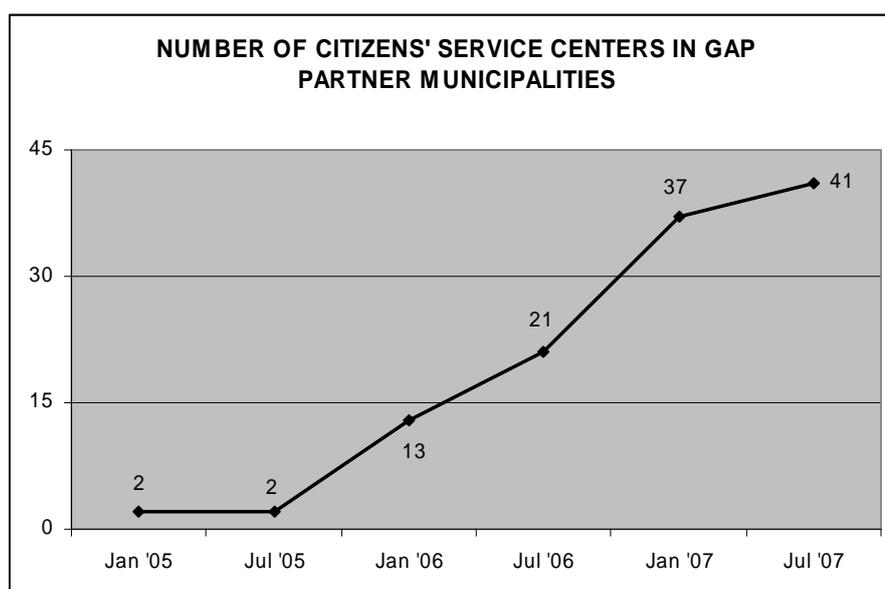
In the second example, PMP quarterly surveys conducted in October 2006 and January 2007 showed that the number of complaints recorded in the municipalities was beginning to rise and, even more important, the percentage of resolved complaints indicated a significant decrease among the second cohort. The municipal interventions team immediately analyzed the PMP data for every municipality and identified those where additional effort was needed to eliminate perceived “road blocks”.

In the April 2007 survey, the second cohort municipalities recorded the lowest number of complaints on municipal issues since these measurements began. Furthermore, they reported their best performance on percentage of resolved complaints, nearly approaching the levels of the first cohort municipalities.

## Performance Indicators' Outcomes through Life of Project

### 1A-1 Number of Municipal Citizens Service Centers (CSC) established and/or improved to serve local citizens

At the end of project, all forty-one partner municipalities had operational citizen service centers that can fully satisfy customer requirements and enable easier, more pleasant and professional services. These centers serve about 1.5 million citizens in BiH. The following diagram tracks the development of the centers in partner municipalities over the life of the Project. The target established for this performance indicator was that all partner municipalities have fully operational centers and the target has been achieved.



**Fig. No. 4**

In addition, two CSC satellite offices were opened in Banja Luka City supported by GAP technical and financial assistance.

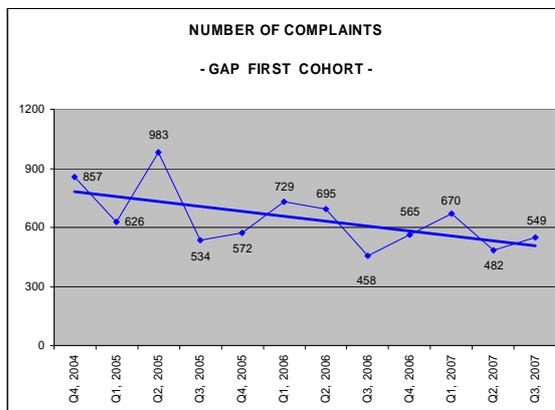
### 1A-2 Number of complaints made by citizens regarding municipality issues

The following charts show the number of complaints made by citizens during twelve quarters among the municipalities of the first cohort and the last eight quarters for second cohort municipalities. This data, collected quarterly, was disaggregated by the source of the complaint. Complaints were recorded in the following categories:

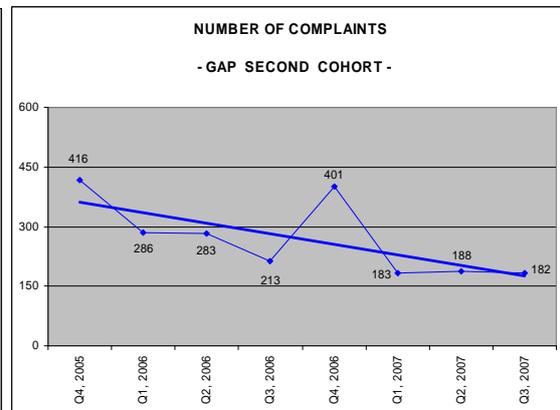
- municipal personnel issues
- urban planning issues
- public procurement
- business permitting
- property related issues
- municipal inspections
- other issues
- social welfare
- construction permits
- infrastructure
- economic-finance related issues
- war veterans' issues
- cadastre issues

## Performance Indicators' Outcomes through Life of Project (continued)

### 1A-2 Number of complaints made by citizens regarding municipality issues (continued)



**Fig. No. 5**



**Fig. No. 6**

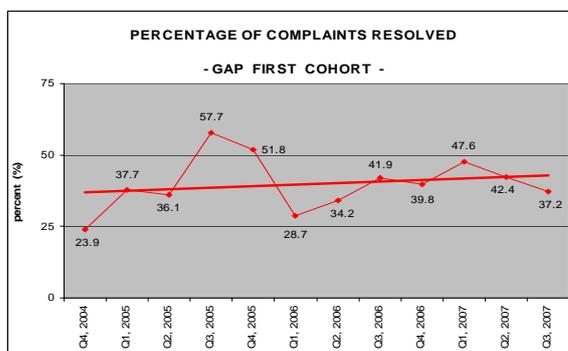
The number of complaints in both first and second cohort municipalities is trending substantially downward over their respective measurement periods, reflecting increased institutional accountability and more efficient service to citizens.

Complaints recorded in twenty-three first cohort municipalities during the final quarter of GAP implementation fell to sixty-four percent of the initial baseline level. Complaints recorded in eighteen, second cohort municipalities during the final quarter of GAP implementation fell to forty-four percent of the initial baseline level.

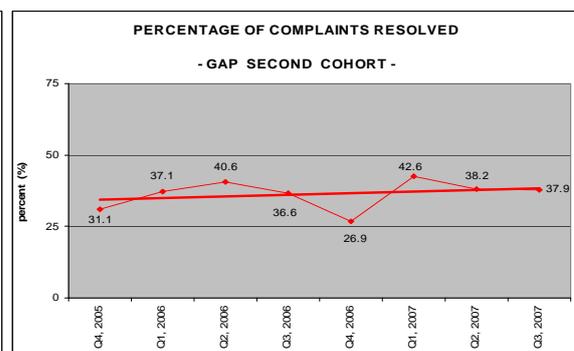
### 1A-3 Proportion of complaints resolved

Data concerning the number of “resolved complaints” complement the statistics on the number of complaints recorded and provide a realistic picture about municipal attitudes regarding citizen services. Figure Nos. 7 and 8 present the percentage of complaints resolved through the last twelve quarterly periods in first cohort municipalities and eight quarterly periods in second cohort municipalities. The overall trend line in both is in a positive direction although the improvement, as expected, is more pronounced in the first cohort, which has benefited from an additional four quarters of GAP intervention.

In the business sector, the average percentage of complaints that have been resolved has doubled among partner municipalities during implementation of GAP, contributing to improved business satisfaction with municipal service delivery and promotion of “business friendly municipalities.”



**Fig. No. 7**



**Fig. No. 8**

## Performance Indicators' Outcomes through Life of Project (continued)

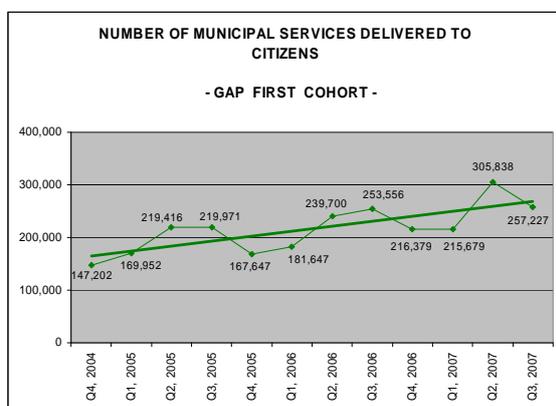
### 1A-4 Municipality is more responsive to delivering services to the public

This performance indicator is a measure of service delivery in all twenty-three municipalities of the first cohort through twelve quarterly measurements going back to the fourth quarter of 2004. Also available are eight quarterly measurements for the eighteen municipalities of the second cohort beginning from the fourth quarter of 2005. It considers measurements in twelve categories of municipal services. These categories are:

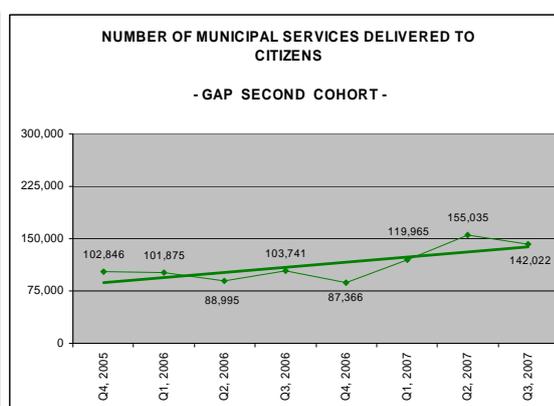
- birth, death, citizenship and wedding certificates
- urban planning issues
- infrastructure issues
- economic and financial issues
- war veteran issues
- cadastre issues
- social welfare issues
- construction permitting
- business permitting
- property related issues
- municipal inspections
- requests for information

Assessments for service delivery were performed for all twelve categories based upon two criteria. First, the number of services (volume of services) provided by the municipality, and second, the average time needed for delivering these services. Figures Nos. 9 and 10 show the number of services provided by first and second cohorts municipalities over the measurement periods.

First cohort municipalities recorded a significant increase in the number of services provided. During the eleventh measurement quarter, they counted 306,000 services provided, which is more than double the count in the baseline survey. Second cohort municipalities recorded the greatest number of services provided during the seventh measurement quarter, reflecting the rollout of operational citizen service centers in preceding quarters. The increase in services was more than fifty percent when compared to baseline measurements.



**Fig. No. 9**



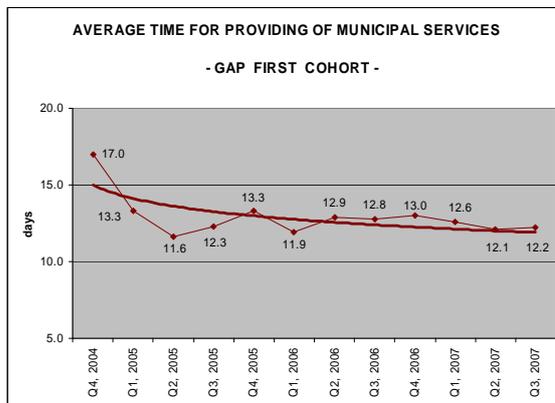
**Fig. No. 10**

Figure Nos. 11 and 12 display the time necessary to provide municipal services in all twelve categories for the twenty-three municipalities of the first cohort and eighteen municipalities of the second cohort.

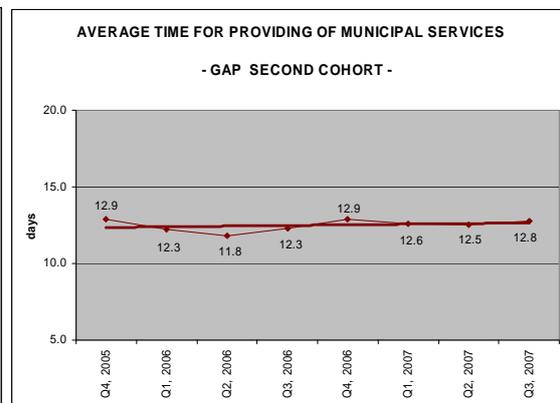
The trend lines show decreasing average time (in days) for providing municipal services to citizens and other clients in the first cohort, while the average time for providing municipal services in second cohort is relatively steady, but approximately at the same (lower) level reached by first cohort municipalities.

## Performance Indicators' Outcomes through Life of Project (continued)

### 1A-4 Municipality is more responsive to delivering services to the public (continued)



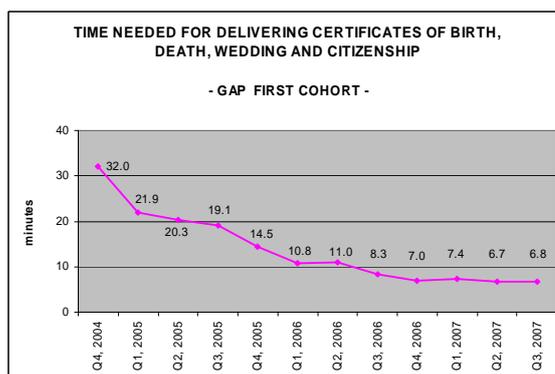
**Fig. No. 11**



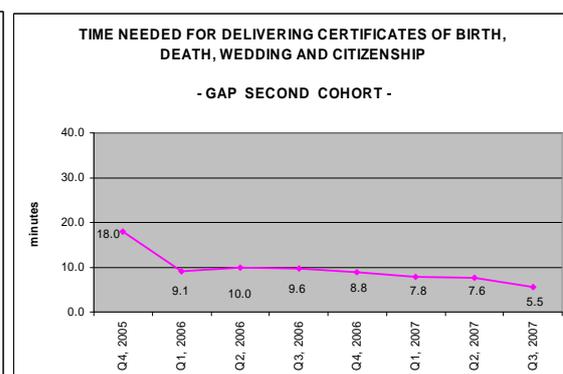
**Fig. No. 12**

One of the high volume transactions in each municipal citizen service center is issuance of birth, death, wedding and citizenship certificates. Considering all forty-one GAP partner municipalities, approximately 310,000 such certificates were issued in the most recent quarter, or an average of about 7,500 per municipality.

The following charts show that the time for delivering such certificates was decreased from thirty-two minutes during the first (baseline) quarterly survey, to less than seven minutes in the last quarterly survey among the municipalities of the first cohort. Correspondingly, there was a decrease from eighteen minutes to just five and half minutes among the second cohort municipalities.



**Fig. No. 13**



**Fig. No. 14**

**Important note:** The results for performance indicators 1A-1 to 1A-4 should not be viewed in isolation. Analysis of the results and trends among these indicators tell a more comprehensive story. Taking into consideration a significant decrease in the “number of complaints,” increased percentage of “complaints resolved,” significantly increased “number of services provided” and “decreased time in delivering services” in the same time period could not have occurred without substantial effort by municipal staff supported by GAP technical assistance. The results have been achieved through the cooperative efforts of committed municipal officials and GAP expertise in reengineering, training of staff and appropriate equipment and software.

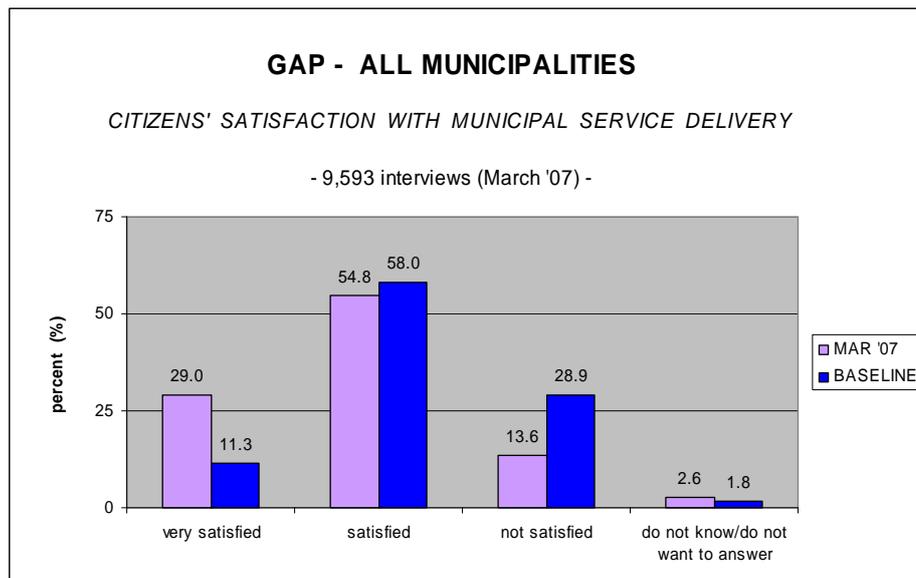
## Performance Indicators' Outcomes through Life of Project (continued)

### 1A-5 Percentage of citizens satisfied with municipal services delivery

This performance indicator is determined annually through the application of an attitudinal survey. Based on the most recent survey conducted in March 2007, citizen responses to this question “**What is your level of satisfaction with municipal services?**” are recorded as the level of satisfaction inclusive of six criteria that are then summarized as a single point value for reporting purposes.

- facilities,
- quality of services,
- promptness of services,
- politeness of officials,
- knowledge of officials, and
- cost of services.

Among the entire GAP forty-one municipalities, eighty-four (84) percent of citizens said they were *generally satisfied* with municipal services (i.e. “very satisfied” or “satisfied”), **which is a 14.5-point increase** compared to the baseline value. Fourteen (14) percent of citizens are not satisfied compared to twenty-nine (29) percent from the baseline survey. Two percent of citizens did not know or did not wish to answer (see Figure No. 15).

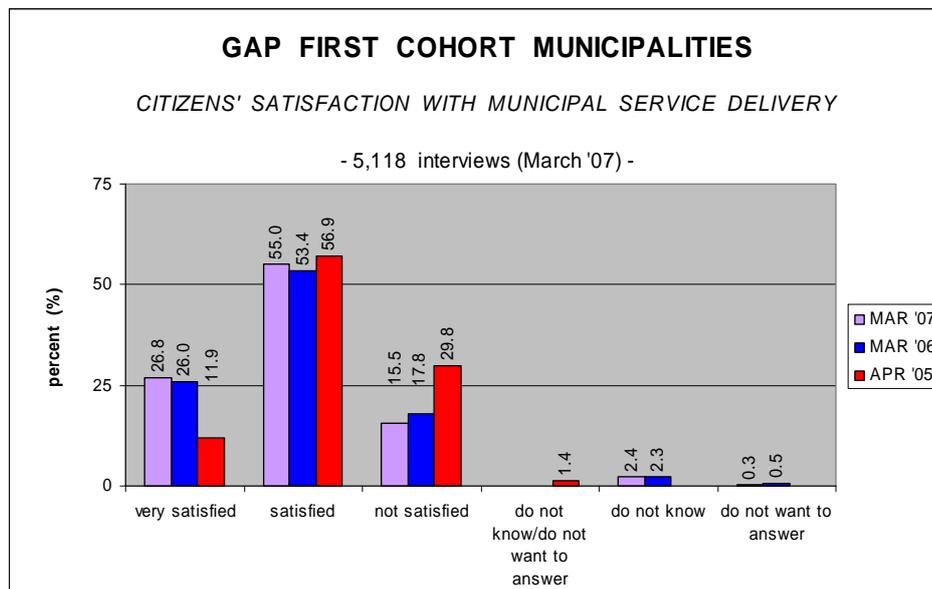


**Fig. No. 15**

For the first cohort municipalities, eighty-two (82) percent of citizens are generally satisfied with municipal services (i.e. “very satisfied” or “satisfied”), **which is a thirteen point (13) increase** compared to the baseline survey taken in April 2005. Sixteen (16) percent of citizens are not satisfied compared to thirty (30) percent during the baseline survey. Almost three percent of citizens did not know or did not wish to respond (see Figure No. 16).

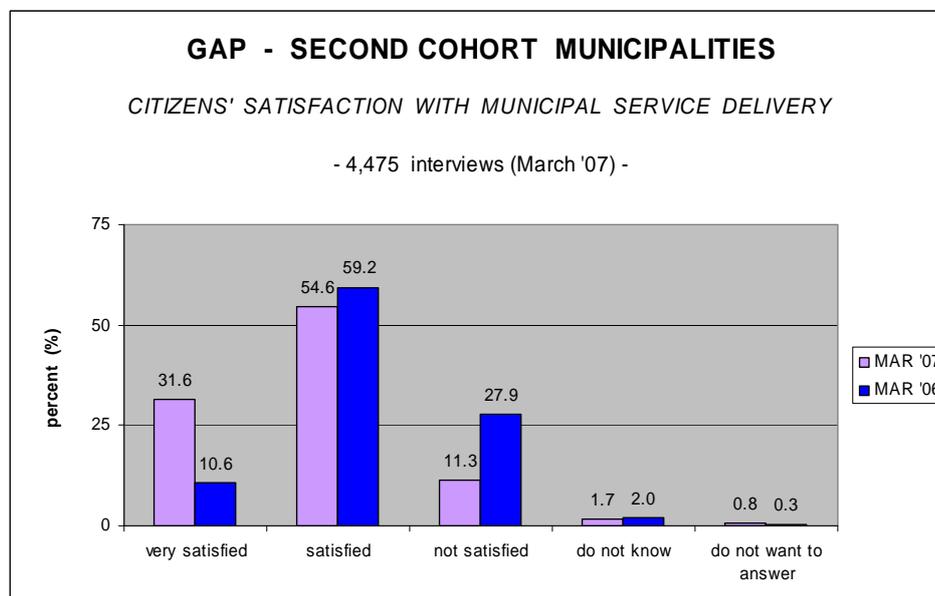
**Performance Indicators' Outcomes through Life of Project (continued)**

1A-5 Percentage of citizens satisfied with municipal services delivery (continued)



**Fig. No. 16**

Second cohort municipalities recorded a sixteen (**16**) **point increase** in citizen satisfaction with municipal services delivery (“very satisfied” or “satisfied”), compared to the baseline survey completed in March 2006, while dissatisfaction was reduced by seventeen (17) points (see Figure No. 17).

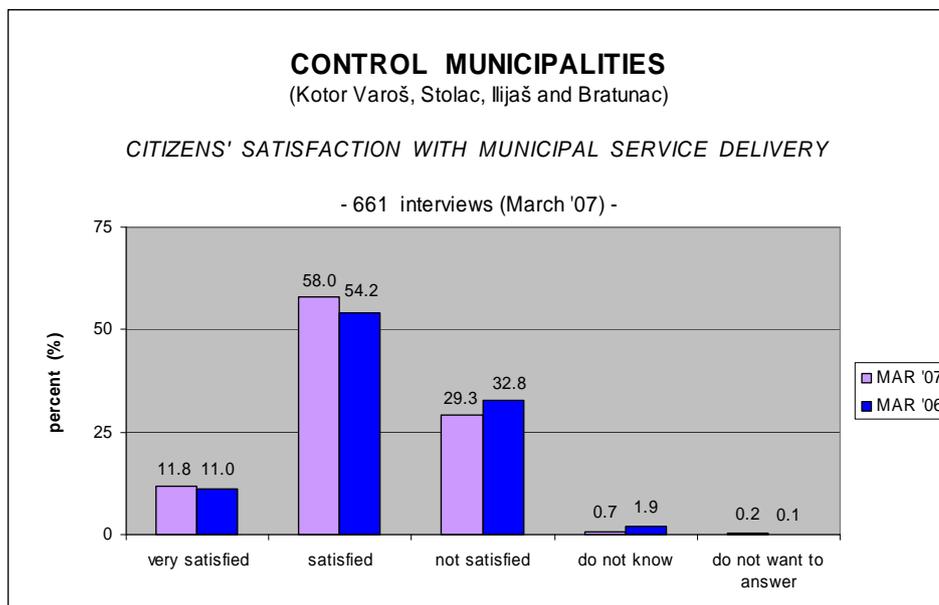


**Fig. No. 17**

The four control municipalities (Kotor Varoš, Stolac, Ilijaš and Bratunac) recorded only a **four point of increase** in citizen satisfaction with municipal service delivery compared to baseline results (see Figure No. 18). *This data represents a significant validation of the efficacy of the GAP technical assistance program.*

## Performance Indicators' Outcomes through Life of Project (continued)

### 1A-5 Percentage of citizens satisfied with municipal services delivery (continued)



**Fig. No. 18**

Analysis of these results has revealed insignificant differences (less than 1.5 percent) if the survey data were disaggregated by gender, age or urban vs. rural origin.

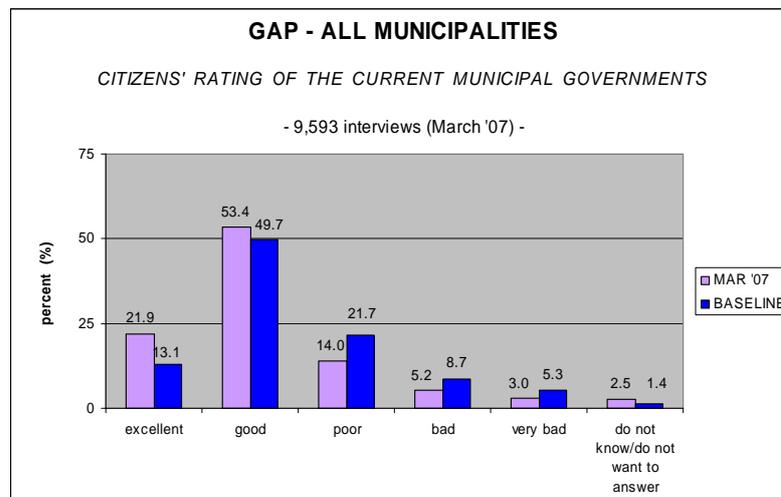
Although not required by the PMP, citizens were also asked to provide their rating of the current municipal government using the following categories:

- |           |   |  |
|-----------|---|--|
| Excellent | ✓ | I see no problems                                      |
| Good      | ✓ | Some things need to change or improve                  |
| Poor      | ✓ | Major changes are needed                               |
| Bad       | ✓ | The municipal government does not function as intended |
| Very bad  | ✓ | The municipal government causes many problems          |

Based on the responses to this survey question, GAP activities had a positive impact on municipal services. GAP partner municipalities recorded a thirteen (13) point increase in the “excellent” and “good” rating compared to the baseline survey (see Figure No. 19). Citizens expressing “dissatisfaction” with the current municipal government decreased by almost fourteen (14) points compared to the baseline survey.

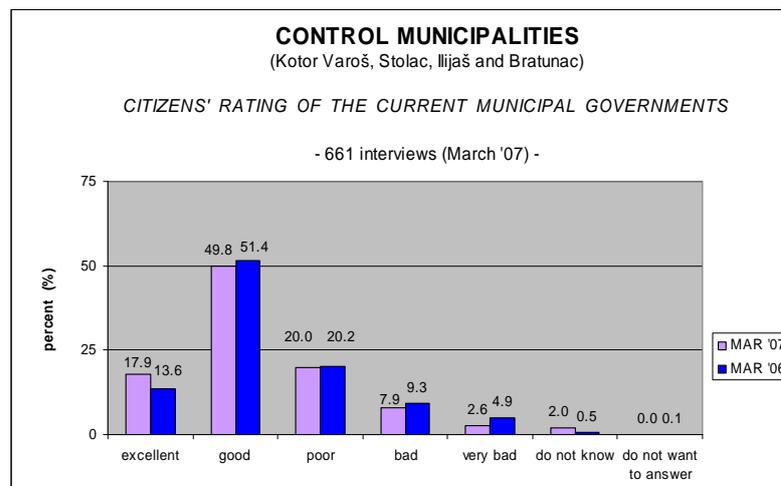
## Performance Indicators' Outcomes through Life of Project (continued)

### 1A-5 Percentage of citizens satisfied with municipal services delivery (continued)



**Fig. No. 19**

Over the same time-period, satisfaction increased by slightly less than three points (2.7) in the four control municipalities (see Figure No. 20).



**Fig. No. 20**

### 1B-1a Number of Community Development Planning Committees (CDPC) established in municipalities

With GAP technical assistance, twenty-three municipalities have established community development planning committees: Banja Luka, Bihać, Bosansko Grahovo, Drvar, Sanski Most, Mostar, Prozor-Rama, Trebinje, Breza, Rogatica, Fojnica, Vlasenica and Vukosavlje among first cohort municipalities. The second cohort CDPC municipalities are Teslić, Bugojno, Konjic, Rudo, Foča, Srbac, Nevesinje, Posušje, Travnik and Živinice.

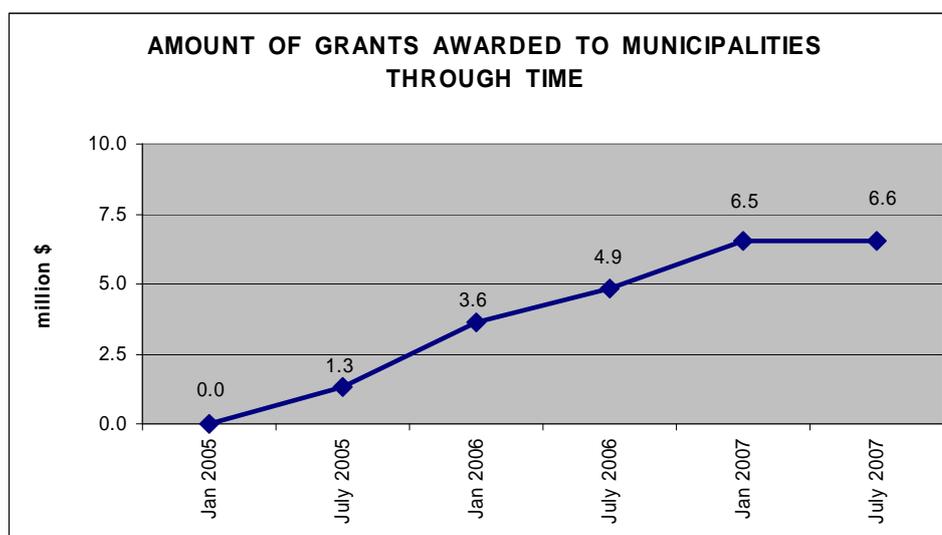
Srebrenica and Kalesija opted for UNDP and OSCE versions of these bodies, respectively, bringing to nineteen the total of such committees that were operational for GAP purposes.

## Performance Indicators' Outcomes through Life of Project (continued)

### 1B-1b Number and amount of grants awarded to municipalities through CDPCs/CIPs or similar existing bodies

This indicator was officially added to the performance monitoring plan following the regular annual PMP review, and the baseline data was established in July 2005. At that time, baseline data showed that GAP had awarded 21 grants (grant fund A) to GAP partner municipalities totaling \$1.3 million.<sup>39</sup>

Upon Project completion, GAP had awarded over two-hundred grants (total for both cohorts), valued at nearly \$6.6 million. The following chart shows the amount of grant awards to partner municipalities through the life of the Project.



**Fig No. 21<sup>40</sup>**

### 1B-2 Number of municipalities carrying out activities leading to the viable LED strategies

GAP technical assistance was provided for strategic planning, preparation and implementation of strategies, evaluation of adopted plans, and organization of leadership roundtables. Sixteen partner municipalities received specific elements of this technical assistance, depending on their needs and interest, including Ljubuški, Trebinje, Mrkonjić Grad, Lopare, Vukosavlje, Bužim, Vogošća, Čelić, Sanski Most, Mostar, Novo Sarajevo, Fojnica, Tuzla, Bugojno, Posušje and Banja Luka.

As a result of GAP assistance, combined with the efforts of municipalities themselves and other programs and Government agencies, twenty-three partner municipalities now have adopted a strategic document on local economic development as compared to only eight at the time of the baseline surveys. These activities also significantly contributed to an increase in “business satisfaction” with municipal service delivery recorded during GAP attitudinal surveys (see performance indicator 1B-4 below).

<sup>39</sup> Grant fund A projects support the establishment of citizen service centers and financial management systems, whereas grant fund B was used for community development projects—including infrastructure and cultural projects.

<sup>40</sup> These figures do not include software vendor contracts (approximately \$1.1 million), centrally procured hardware, development of web pages for eight partner municipalities, nor assistance provided to hub municipalities for upgrading their financial management systems.

## Performance Indicators' Outcomes through Life of Project (continued)

### 1B-3 Number of mechanisms (e.g. public hearings, advisory boards, task forces etc.) for distributing information on local governance activities

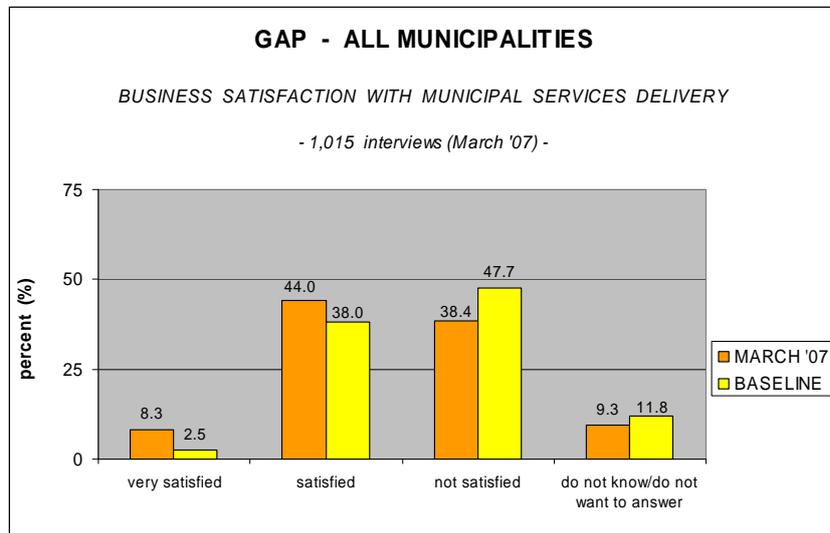
The baseline survey revealed that municipalities of both cohorts use an average 3.6 mechanisms for distributing information on local governance activities. The latest survey showed that municipalities now use on average 7.5 mechanisms for distributing information on local governance activities. The most frequently used mechanisms are information centers, desks and boards; public hearings; TV and radio; and mayoral meetings with citizens.

### 1B-4 Percentage of business owners satisfied with municipality service delivery

Data on this performance indicator was collected annually through attitudinal surveys. The results for the question “**What is your level of satisfaction with municipal services?**” were recorded as the average percent satisfaction for each of several aspects of municipal services. The following relevant factors were considered:

- offer of sites and buildings for business
- public transportation
- road maintenance
- infrastructure development
- construction permitting
- business permitting
- trash collection
- business promotion

With respect to all partner municipalities, fifty-two (52) percent of businesses are generally satisfied with municipal services (i.e. “very satisfied” and “satisfied”), which is a **twelve (12) point improvement** compared to the baseline values (see Figure No. 22).

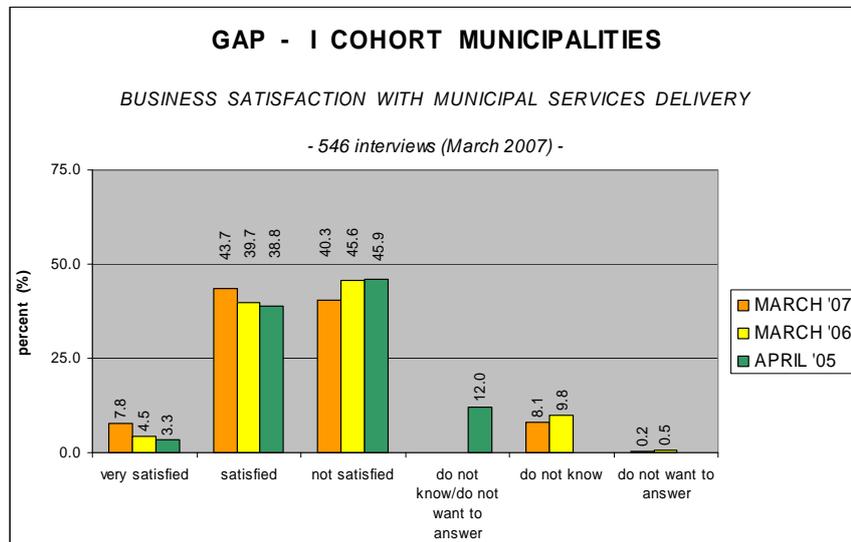


**Fig No. 22**

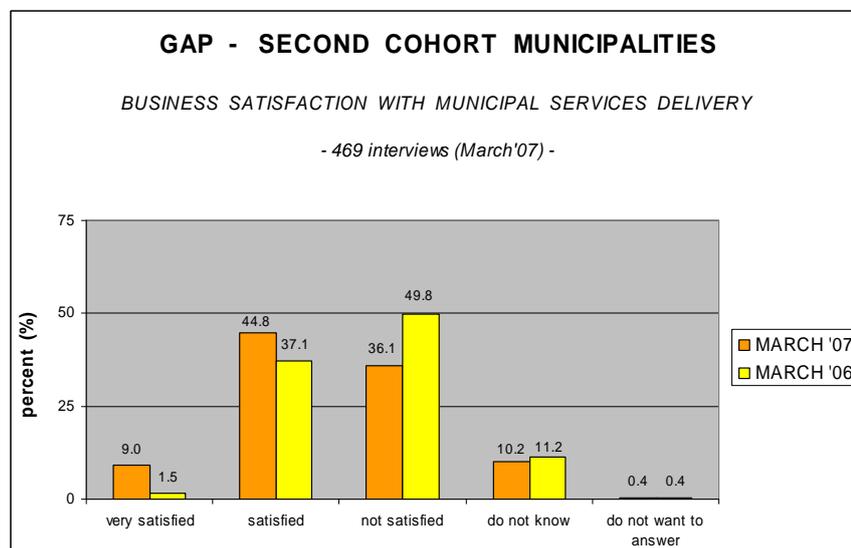
## Performance Indicators' Outcomes through Life of Project (continued)

### *1B-4 Percentage of business owners satisfied with municipality service delivery (continued)*

First cohort municipalities recorded a **nine (9) point increase** in business satisfaction with municipal service delivery when compared to the baseline survey in April 2005 (see Figure No. 23), while second cohort municipalities showed a **fifteen (15) point increase** compared to the baseline survey in March 2006 (see Figure No. 24).



**Fig. No. 23**

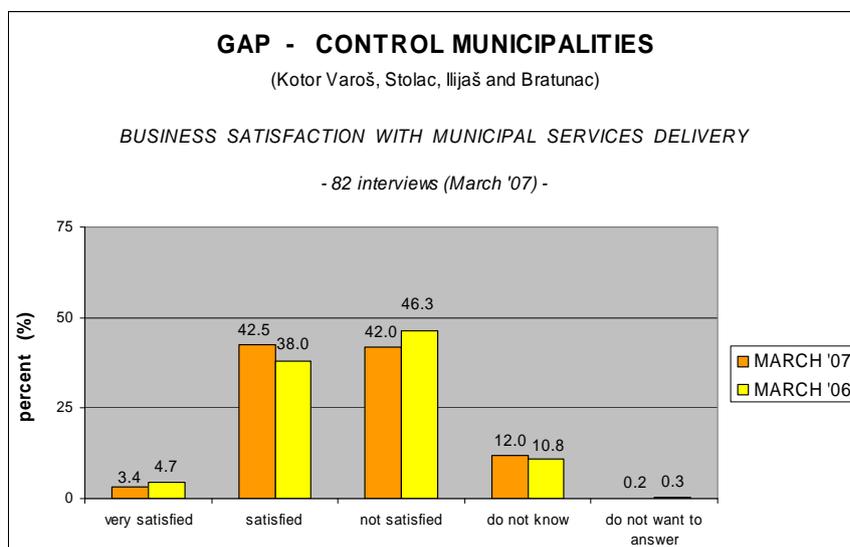


**Fig. No. 24**

Over the same time-period, “business satisfaction” increased by only three (3) points in the four control municipalities; however, this increase falls within the sampling margin of error (see Figure No. 25).

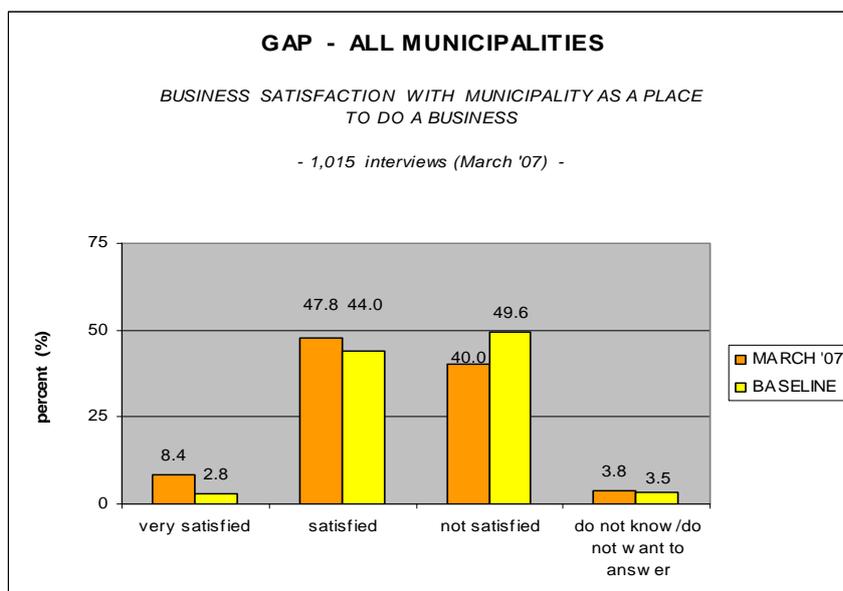
## Performance Indicators' Outcomes through Life of Project (continued)

### *1B-4 Percentage of business owners satisfied with municipality service delivery (continued)*



**Fig. No. 25**

Among the forty-one partner municipalities, **fifty-six (56)** percent of businesses are generally satisfied with the municipality as a place to do a business (i.e. “very satisfied” and “satisfied”), while **forty (40)** percent of businesses are not satisfied. This is a **nine (9)** point increase in satisfaction compared to baseline survey findings (See Figure No. 26).



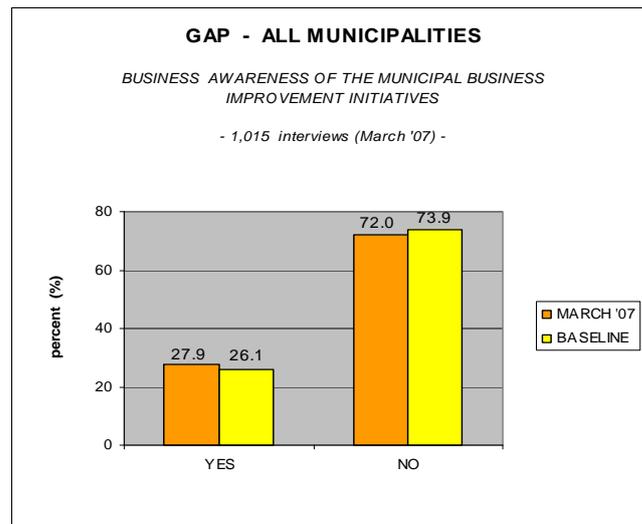
**Fig. No. 26**

## Performance Indicators' Outcomes through Life of Project (continued)

### 1B-4 Percentage of business owners satisfied with municipality service delivery (continued)

The results for the question “Are you aware of any municipal government initiatives to improve the business environment in your municipality?” were recorded on a yes-no basis.

It is significant to note that business awareness of municipal improvement initiatives showed little improvement from baseline surveys and is generally low (less than thirty percent) among the partner municipalities. This is area where considerably more work is needed to help create “business friendly” municipalities (see Figure No. 27).



**Fig. No. 27**

### 1C-1 Number of GAP municipal trainees and Percentage of trained municipal staff that report the value and continued use of newly acquired skills

Since the inception of the Project, approximately 8,800 persons have participated in the more than one thousand-twenty training events conducted by or on behalf of GAP. This included nine formal study tours to Poland, Czech Republic and Croatia on urban permitting and planning procedures, financial management, reengineering of administrative procedures and a number of important policy topics.

Forty-three percent of those trained were women. Based on follow-up from GAP regional and municipal coordinators, there is substantial evidence that the beneficiaries of the training perceive its value and have continued to utilize the newly gained skills.

### 1C-2 Number of municipalities that have modern, formalized and uniform budget and finance systems in place

GAP has successfully implemented or upgraded financial management systems in thirty-five partner municipalities, which now have modern, formalized and uniform budget and finance systems in place. The Municipalities of Bihać, Bosansko Grahovo, Breza, Bugojno, Bužim, Drvar, Čelić, Fojnica, Goražde, Jablanica, Kakanj, Kalesija, Konjic, Mostar, Prozor-Rama, Travnik, Tomislavgrad, Tuzla, Velika Kladuša, Vogošća, Živinice, Foča, Gradiška, Lopare, Mrkonjić Grad, Nevesinje, Rogatica, Rudo, Srbac, Srebrenica, Teslić, Trebinje, Vlasenica and Vukosavlje are using the integrated accounting and budgeting system generally known as Finova.

## Performance Indicators' Outcomes through Life of Project (continued)

### 1C-2 Number of municipalities that have modern, formalized and uniform budget and finance systems in place (continued)

Novo Sarajevo elected to conduct its own tender, and with GAP technical and financial support, implemented a functionally comparable system installed by software provider "Daenet". GAP also purchased a significant donation of computer hardware to upgrade the financial management system of Banja Luka City.

The remaining partner municipalities utilize legacy financial management software, which they did not want to change because their existing systems were adequate for their needs.

### 1C-3 Number of municipalities tracking local revenues and expenditure outlays

Baseline surveys for this performance indicator revealed that twenty-seven (27) partner municipalities were capable of tracking all local revenues and expenditure outlays in a transparent manner. At the conclusion of GAP technical assistance, all forty-one partner municipalities fully track local revenues and expenditure outlays.

### 1C-4 Percentage of municipal budget generated from local revenue collections

Municipal budget revenues in 2006 among the municipalities of the first cohort were 350.4 million KM, which is an increase of thirty-five (35) percent compared to year 2005. Fiscal revenues were significantly increased by almost thirty-nine (39) percent compared to 2005 budgets, as a result of value added tax (VAT) introduction and the successful GAP effort during 2005-06 to adopt revenue allocation formulae, which sharply increased indirect tax revenue for the local level.

At the same time, non-fiscal revenues, which are the only source of income that municipality can directly collect, were twenty-seven (27) percent higher in 2006 compared to 2005, while the increase from 2004 to 2005 was just fourteen (14) percent. This confirms that the municipal approach to local revenue generation was more responsible and organized during 2006 (see Figure No. 28).

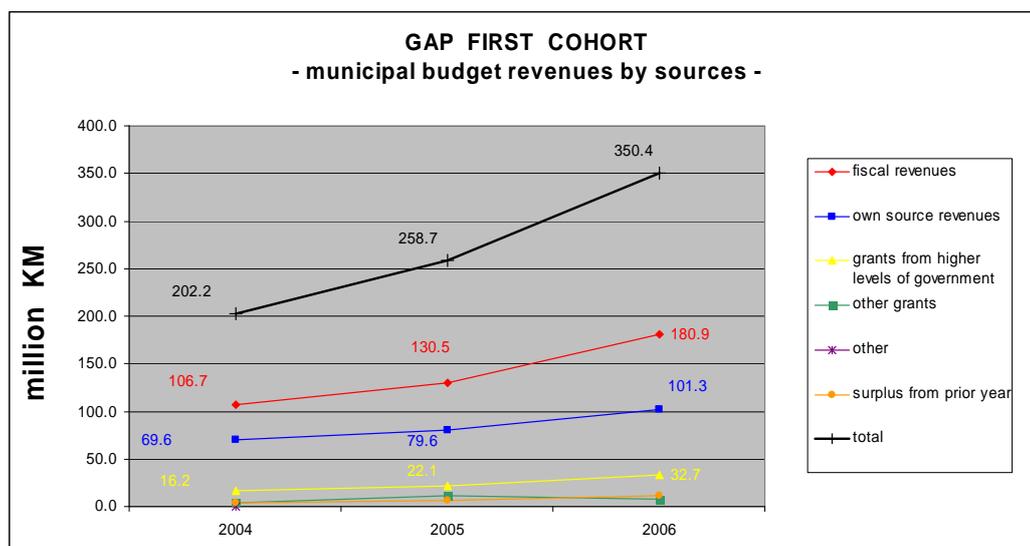
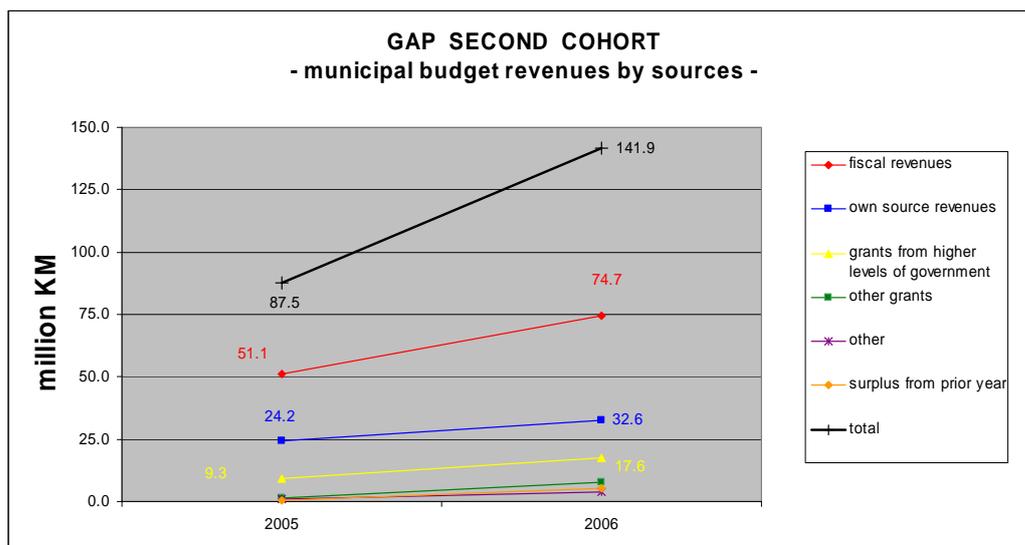


Fig. No. 28

## Performance Indicators' Outcomes through Life of Project (continued)

### 1C-4 Percentage of municipal budget generated from local revenue collections (continued)

Considering the municipalities of the second cohort, fiscal revenue increased by forty-six (46) percent in 2006 compared to 2005, while municipal efforts to maximize own-source revenue generation resulted in an increase of thirty-five (35) percent of non-fiscal revenue (see Figure No. 29).



**Fig. No. 29**

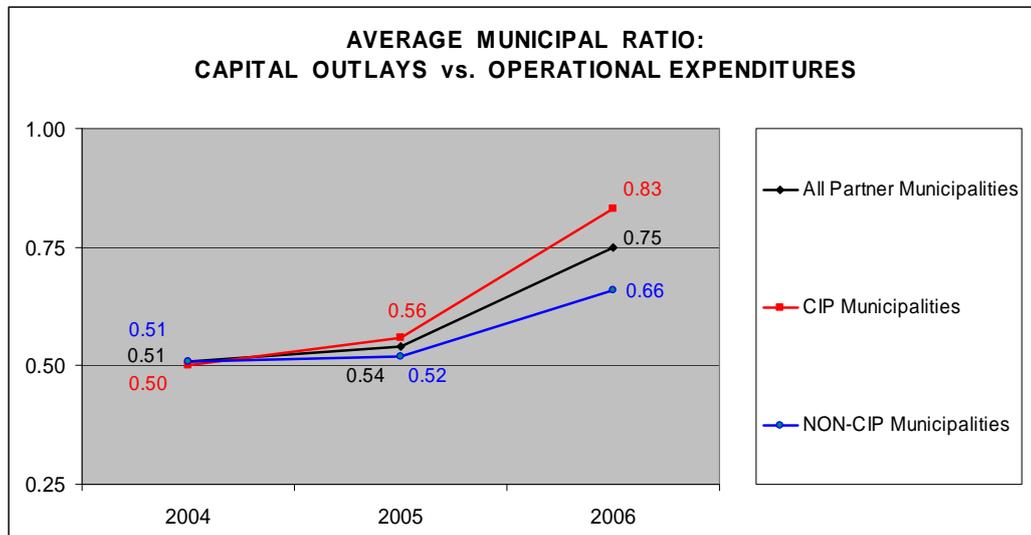
The increase in municipal budget revenue, as well as GAP technical assistance in capital improvement planning and better municipal organization enabled partner municipalities to allocate more income to capital projects. Analyzing the ratio of capital outlays to operating expenses among all GAP partner municipalities, one can see that the ratio increased from **0.51** in 2004 to **0.75** in 2006 (an increase of 47.1 percent).

However, in the twenty-two partner municipalities where capital improvement planning was initiated in accordance with the GAP methodology this ratio increased from **0.50** in 2004 to **0.83** in 2006 (an increase of 66.7 percent).

During this same period, in the remaining municipalities the ratio only improved from **0.51** to **0.66** (a comparatively modest increase of 29.4 percent). This analysis validates the GAP approach to capital improvement planning as an effective tool resulting in better municipal fiscal decisions (see Figure No. 30).

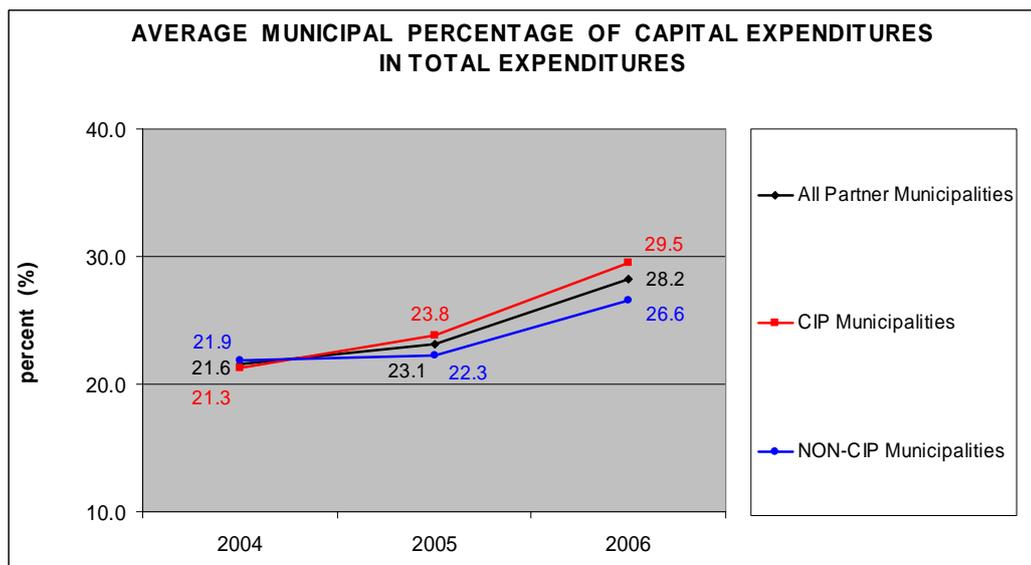
## Performance Indicators' Outcomes through Life of Project (continued)

### IC-4 Percentage of municipal budget generated from local revenue collections (continued)



**Fig. No. 30**

The proportion of capital expenditures to total budget expenditures in the forty-one GAP partner municipalities increased from approximately twenty-two (22) percent in 2004 to twenty-eight (28) percent in 2006. Once again, as may be seen in Figure No. 31 below, the sharpest increases were recorded among the *CIP partner municipalities* with a growth of more than eight points, from approximately twenty-one (21) percent in 2004 to twenty-nine (29) percent in 2007.



**Fig. No. 31**

## **Performance Indicators' Outcomes through Life of Project (continued)**

### 1C-5 Number of municipalities that introduced Capital Improvement Cycle

Twenty-two partner municipalities have introduced the GAP capital planning methodology during Project implementation.

- Rogatica, Goražde, Novo Sarajevo, Mrkonjić Grad, Vogošća and Velika Kladuša are in their third cycle of multi-year capital planning.
- Bužim, Travnik, Kakanj, Tuzla, Vlasenica, Doboj-Istok, Gradačac, Gradiška and Čelić are in their second cycle of multi-year capital planning.
- Tomsilavgrad, Posušje and Nevesinje have adopted capital improvement planning, but have not yet started on the second cycle.
- Ljubuški, Trebinje and Srbac are working on getting their capital improvement plan approved by the municipal council or assembly.
- Jablanica is implementing CIP on a year-by-year basis political disputes have delayed implementation of the adopted plan in Lopare.

Because of the overall positive reception for this methodology, Foča has now expressed interest in participating, with GAP assistance.

### 2.1 Number of project activities taken and legislative reforms drafted to increase local autonomy

GAP has actively participated in local governance policy reform throughout the life of the Project. More than eighty distinct activities were undertaken; organization and participation in roundtables, participation in public hearings, meetings with municipalities and municipal associations, meetings with the international community and local self government parliamentary committees, attendance of parliamentary sessions, alternate scenario analyses and document production. Significant accomplishments are noted:

- The Law on Local Self-Government in the Republic of Srpska was adopted November 11, 2004 and amended in April and December of 2005.
- Both Houses of Parliament adopted the FBiH Law on Principles of Local Self-Government on July 12, 2006 (published in the Official Gazette during August 2006).
- As part of continued efforts to ensure full implementation of the Federation Law, GAP:
  - ✓ produced an analysis of sectorial legislation which needs to be harmonized with the Law,
  - ✓ prepared a template of cantonal law on local self-government (i.e. suggested model law),
  - ✓ issued a Commentary on the FBiH Law on Principles of LSG.

All documents were presented at the Conference on Implementation of the Law on Principles of Local Self-Government in FBiH.

## **Performance Indicators' Outcomes through Life of Project (continued)**

### 2.2 Raising awareness of VAT through legislative activities (valid July 2004 - July 2006)

The introduction of revenue allocation laws in each entity following implementation of value added taxation in Bosnia and Herzegovina beginning in 2006 is one of the most significant of GAP achievements. From inception of the Project, GAP conducted nearly three hundred different activities related to adoption of this legislation.

Organization and participation in many meetings and conferences, round tables and presentations, attendance at parliamentary sessions, the production of highly detailed and varied written materials, cannot fully detail the full range of efforts employed by GAP in the achievement of this critical reform for the municipal sector in Bosnia and Herzegovina.

#### 2.2-A Type and number of activities undertaken to improve local government revenue reporting (July 2006 - August 2007)

This performance indicator was officially included in performance monitoring plan following the regular annual PMP review in July 2006, as part of the project activities related to the third year work plan.

Since July 2006, GAP completed fifty-four different activities under this task. Activities included a number of meetings with FBiH and RS Ministries of Finance representatives; the PKF project, Strengthening Public Expenditure Management in BiH;<sup>41</sup> the U.S. and Swedish Embassies and USAID and Sida; The World Bank; Organization for Security and Cooperation in Europe; various mayors and other municipal officials; and European Union projects and personnel.

Numerous meeting and discussions also occurred with the Office of the High Representative and the International Monetary Fund. In addition, nine full working days were devoted to the FBiH Ministry of Finance as part of this effort in the Federation.

GAP also assisted in development of documentation and tools. A chapter on revenue allocation was prepared for the *Budget and Finance Guide for Municipalities in Bosnia and Herzegovina*. In addition, a revenue-reporting format was prepared for the Federation Ministry of Finance.

#### 2.2-B Number of activities undertaken to improve the capacity of entity ministries to implement revenue allocation models (July 2006 - August 2007)

This performance indicator was also officially included in performance monitoring plan after the regular annual PMP review in July 2006, as part of the project activities related to the third year work plan.

GAP conducted seventy-three activities to improve the capacity of entity ministries to implement the revenue allocation models including thirty-one separate meetings and nineteen full working days with FBiH and RS Ministry of Finance representatives and working groups.

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<sup>41</sup> Supported by the United Kingdom Department for International Development (DFID).

## **Performance Indicators' Outcomes through Life of Project (continued)**

### 2.2-B Number of activities undertaken to improve the capacity of entity ministries to implement revenue allocation models (July 2006 - August 2007) - continued

Together with the Federation Ministry of Finance, GAP organized a conference on “The Effects of the Implementation of the Law on Allocation of Revenues in FBiH” for the mayors and cantonal ministries of finance. Ninety-three persons attended the conference.

GAP and the RS Ministry of Finance presented the effects of the implementation of the RS Budget System Law Amendments at a Congress of Local Self-Governance organized by the RS Association of Municipalities and Towns. GAP also presented proposed amendments to the Budget System Law at a meeting of the Presidency of RS Municipal Association (ten mayors were present).

GAP provided technical assistance to the RS Ministry of Finance in developing a new model of allocation based on FY 2005 historical revenue shares. As part of this task, GAP produced four versions of the RS revenue simulator model. These versions reflected FY 2005 historical shares and analyses of the results of implementation of the RS amendments to the Budget System Law in the first eight months of 2006.

GAP assisted the RS Ministry of Finance in drafting the necessary amendments to the RS Budget System Law and formal Decisions establishing municipal sharing coefficients.

The amendments were adopted in December 2006 and included, among other things, an increase in the municipal share of the RS single account revenue from twenty-three to twenty-four percent.

Capacity building in the two ministries of finance received further support in the form of material assistance. Each ministry accepted a donation of two computers and a printer to facilitate their work on local government revenue allocation.

### 2.3 Number of activities undertaken to assess the finances of City of Sarajevo (July 2006 - August 2007)

GAP was tasked with producing an analysis, and no legislative reforms were envisaged under this activity. Work was performed cooperatively with the Center for Civic Initiatives (CCI).

GAP organized meetings with CCI and the Chief of Finance of Sarajevo City. The Project team participated in a roundtable event organized by CCI for presentation of the Report on Sarajevo City to the public. GAP prepared the portion of the report dealing with finances of the City of Sarajevo, Sarajevo Canton and municipalities in the region.

### 2.4 Number of activities taken and/or reforms drafted to restore the powers of local governments in key sectors

GAP conducted eighty-one significant activities associated with this performance indicator including a number of meetings, conferences and workshops to identify and promote reforms to restore powers of local government in key sectors.

Several reports and analyses were undertaken:

- Analysis of legislation concerning the use and ownership of municipal property,
- Proposed solutions for the draft Laws on In-Rem Rights in the Federation and the RS.

## **Performance Indicators' Outcomes through Life of Project (continued)**

### 2.4 Number of activities taken and/or reforms drafted to restore the powers of local overnments in key sectors (continued)

- Analysis of legislation regulating the activity of spatial planning and construction in BiH and the possibility of introducing the concept of zoning into the current legal system,

GAP also reported on comments from FBiH municipalities adopted by the working group for development of the Draft Law on In-Rem Rights, November 2006 and Report on Comments from RS municipalities adopted by the working group for development of the Draft Law on In-Rem Rights, November 2006.

GAP conducted an analysis of the existing laws on concessions at the state, entity and cantonal levels. The analysis and final report were presented, discussed and eventually adopted by the FBiH Association Committees for Economic Development, and Constitutional and Legal Matters, and forwarded to Association Presidency.

### 2.5 Number of activities taken and reforms drafted to review the Law on Public Procurement in BiH (informative, not a performance indicator)

Together with the entity municipal associations, GAP organized a series of workshops to define problems in BiH public procurement legislation from the perspective of local government. The European Union Public Procurement Project (EUPPP) and the BiH Public Procurement Agency actively supported the GAP activity. The effort produced guidelines for legal reform with specific proposed legislative amendments.

GAP initiated nineteen significant activities. In cooperation with the Association of Municipalities and Cities of FBiH, the Project organized five workshops (up to eighteen municipalities attended each) throughout the Federation, drawing 148 participants from sixty municipalities. Similarly, working with the RS Association, ninety participants from forty-four municipalities attended three RS workshops.

GAP attended eight meetings with the EUPPP, the Public Procurement Agency, and the two municipal associations.

A questionnaire on the Law on Public Procurement was distributed to 142 municipalities in BiH, with the help of the two municipal associations. Twenty-two municipalities from the Federation and eight from the RS returned the questionnaires with written comments. These comments were summarized by GAP in a report that also proposed specific changes to the Law on Public Procurement. GAP drafted proposed amendments to the Law and sent them to the BiH Public Procurement Agency for consideration.

With respect to this activity, the GAP policy team achieved seven out of eight planned steps related to this activity:

- √ questionnaires developed
- √ questionnaires distributed
- √ workshops
- √ data collection and analysis
- √ report on findings
- √ workshops
- √ final report
- X facilitate amending relevant legislation

## **Performance Indicators' Outcomes through Life of Project (continued)**

### 3.1. Number of municipalities advocating for collective reform (July 2004 - July 2006)

At the inception of the Project, few municipalities opted to participate in advocating for important reforms in municipal sector. In January 2005, only seven municipalities were actively petitioning for reform embodied in the adoption of Law on Principles of Local Self-Government in the Federation. However, by July 2006, seventy municipalities were actively participating in the effort to reform the laws on local government.

A similar metamorphosis affected local government in the Republic of Srpska where almost all municipalities actively participated in amending the Law on Local Self-Government in the RS.

Almost all municipalities in BiH actively supported adoption of the revenue allocation laws, and took a strong interest in proposing changes to the Laws on In-Rem Rights in the Federation and the RS because they clearly recognized the common interest in the importance of these issues for their financial well-being and future.

### 3.1. Number of activities undertaken in support of the Coordination Body of the Entity Associations of Municipalities Cities and Municipalities (July 2006-July 2007)

GAP conducted several meetings with the Executive Director of the Federation Association of Municipalities and Cities, and the VNG<sup>42</sup> representative discussing the further activities on formation of an association coordination body. Personnel also met with the RS National Assembly Chairman on the same issue.

In addition, GAP organized meetings with the RS Municipal Association President regarding future activities of the coordination body, and secretaries of the RS and Federation Associations.

Discussions on the future of the coordination body continued at the Second General Assembly of the Federation Association on March 22, 2007 in Gradačac and at the BiH Municipal Fair in June 2007.

### 4.1. Number of municipal loan packages prepared/approved (July 2004- July 2006)

This activity was discontinued in the third year work plan and was later dropped from the Project task order at the request of the clients. Nevertheless, as reported earlier, four municipal loan packages had been developed and one loan (for the Municipality of Lopare) had been successfully implemented.

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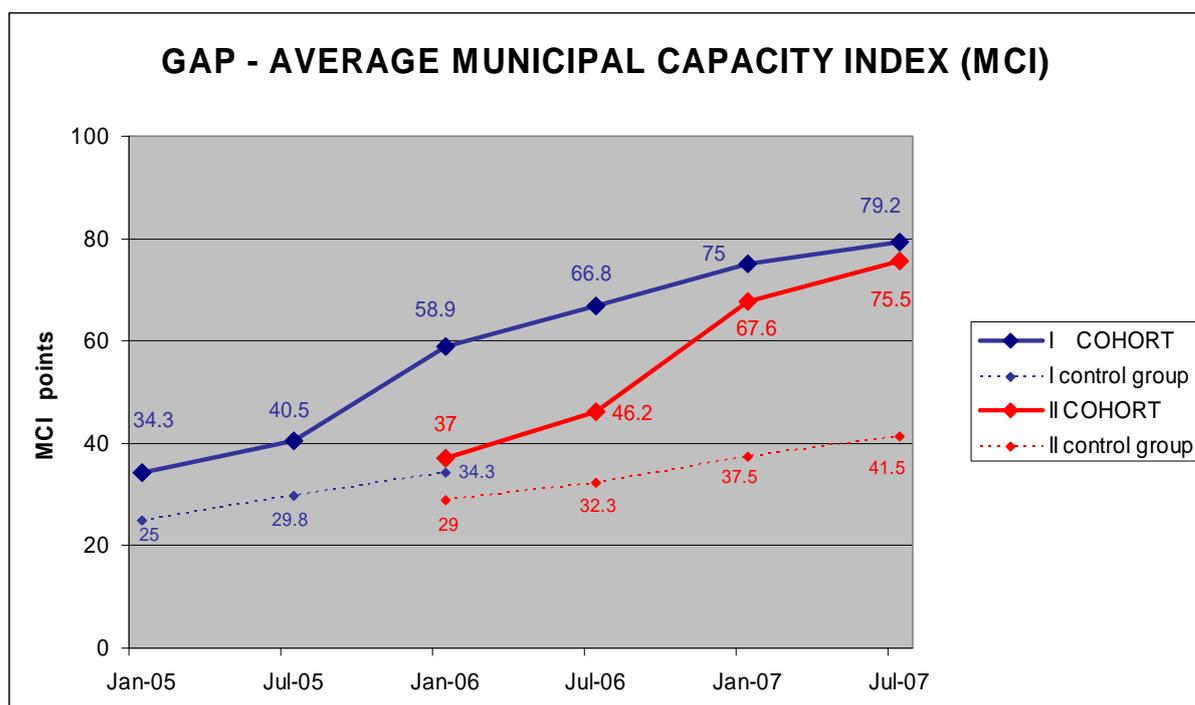
<sup>42</sup> International Cooperation Agency of the Association of Netherlands Municipalities.

## Municipal Capacity Index (MCI)

Important findings are also available from monitoring of the GAP municipal capacity index (MCI). The latest measurement shows that the MCI increased in the twenty-three first cohort municipalities to 79.2 (on a scale of 100), or more than twice the baseline measurement (which was 34.3 in January 2005).

Moreover, the second cohort MCI has risen to 75.5 compared to 37 in the baseline measurement, or more than three times the rate of growth in the second cohort control group municipalities (see Fig. No. 32).

The composite MCI index of all forty-one GAP partner municipalities achieved **78 MCI points average**, which is more than double the composite *baseline* MCI value, which was **36-points**.



**Fig. No. 32**

The greatest increase in MCI scores were recorded in the municipalities of Rogatica - 69 points (from 19 to 88) and Foča - 62 points (from 26 to 88). The Municipality of Konjic recorded only a 17-point increase, from 43 to 60 points.



## Annex III: Project Documentation

<b>Contract Deliverables and Other GAP Products</b>	<b>Status</b>
<i><u>Work Plans</u></i>	
BiH GAP First Year Work Plan - (15 July 2004 to 14 July 2005)	Submitted
BiH GAP First Year Work Plan - Appendix A, Performance Monitoring Plan	Submitted
BiH GAP First Year Work Plan - Appendix B, Municipal Capacity Index	Submitted
BiH GAP First Year Work Plan - Appendix C, Project Implementation Schedule	Submitted
BiH GAP Second Year Work Plan	Submitted
BiH GAP Second Year Performance Monitoring Plan (July 2005)	Submitted
BiH GAP Third Year Work Plan	Submitted
BiH GAP Third Year Performance Monitoring Plan (July 2006)	Submitted
<i><u>Quarterly Reports (Technical and Financial)</u></i>	
BiH GAP First Quarterly Progress Report (15 July to 30 September 2004)	Submitted
BiH GAP Second Quarterly Progress Report (1 October 2004 to 15 January 2005)	Submitted
BiH GAP Third Quarterly Progress Report (16 January to 15 April 2005)	Submitted
BiH GAP Fourth Quarterly Progress Report (16 April to 15 July 2005)	Submitted
BiH GAP Fifth Quarterly Progress Report (16 July to 15 October 2005)	Submitted
BiH GAP Sixth Quarterly Progress Report (16 October 2005 to 15 January 2006)	Submitted
BiH GAP Seventh Quarterly Progress Report (16 January to 15 April 2006)	Submitted
BiH GAP Eighth Quarterly Progress Report (16 April to July 15 2006)	Submitted
BiH GAP Ninth Quarterly Progress Report (16 July to 15 October 2006)	Submitted
BiH GAP Tenth Quarterly Progress Report (16 October 2006 to 15 January 2007)	Submitted
BiH GAP Eleventh Quarterly Progress Report (16 January to 15 April 2007)	Submitted
BiH GAP Twelfth Quarterly Report (16 April to 15 July 2007)	Submitted
BiH GAP Completion Report (October 10, 2007)	Submitted
<i><u>Manuals</u></i>	
BiH GAP Capital Improvement Planning in Municipalities (February 20, 2005)	Submitted
Human Resources Information Software: Input for Preparation of HR Module in the Integrated Accounting and Budgeting System (May 2005)	Submitted
Managing Human Resources Guide (May 2005)	Submitted
Technical specification for Citizen Service Center Software (June 29, 2005)	Submitted

<b>Contract Deliverables and Other GAP Products (continued)</b>	<b>Status</b>
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Manuals (continued)

Zoning: A method of Development Control: Concept Paper (July 2005)	Submitted
Zoning Manual: Suggested Steps in Preparing a Municipal Zoning By-law under a Reformed Planning Law (July 2005)	Submitted
GAP Grants Manual (August 2005)	Submitted
Manual for CDPCs and Instructions for GAP Community Development Grants (August 2005)	Submitted
Technical Specification for Integrated Accounting and Budgeting System Software (August 2005)	Submitted
Improving the Efficiency of Urban Land Management: Pilot Concept Paper (October 2005)	Submitted
BiH GAP Budget and Finance Guide for Municipalities in Bosnia and Herzegovina (November 14, 2005)	Submitted
Datanova: User Manual (December 2005)	Completed
Docunova: User Manual (December 2005)	Completed
Info-Desk: User Manual (December 2005)	Completed
Revenue Maximization Manual (March 2006)	Submitted
Manual for Community Development Planning Committees (March 2006)	Submitted
Instructions for GAP Community Development Grants in CDPC and CIP Municipalities (April 2006)	Submitted
Municipal Borrowers' Guide (December 2006)	Submitted
BiH GAP Business Friendly Municipalities: Local Leadership for Growth (May 2007)	Submitted
Manual for Establishing a Citizen Service Center in Partner Municipalities (June 2007)	Submitted
Introducing Complaint Procedures in GAP Partner Municipalities (June 2007)	Submitted
Integrated Accounting and Budgeting System Manuals for Ten Modules (July 31, 2007)	Completed
Manual for Improving Urban Permit Procedures through Permit Centers (17 October 2007)	Completed

Monitoring Reports

Report on Baseline Survey for Performance Monitoring Plan & Municipal Capacity Index (January 2005)	Submitted
Report on Attitudinal Survey - Baseline (April 2005)	Submitted
First Regular Performance Monitoring Plan & Municipal Capacity Index Survey (July 2005)	Submitted

<b>Contract Deliverables and Other GAP Products (continued)</b>	<b>Status</b>
<i><u>Monitoring Reports (continued)</u></i>	
Performance Monitoring Plan & Municipal Capacity Index Survey (January 2006)	Submitted
Report on Attitudinal Survey (March 2006)	Submitted
Performance Monitoring Plan & Municipal Capacity Index Survey (July 2006)	Submitted
Performance Monitoring Plan & Municipal Capacity Index Survey (January 2007)	Submitted
Report on Attitudinal Survey (May 2007)	Submitted
Final Monitoring and Evaluation Report (August 15, 2007)	Submitted
<i><u>Reports and Analyses</u></i>	
Article for "Lokalna Samouprava" Journal - "Reform of Financing of Different Government Levels in BiH and VAT Implementation - Defining the Problem" (May 2005)	Submitted
Reordering Intergovernmental Fiscal Relations in Bosnia Herzegovina: Local Government Finance Reform and the Implementation of VAT (April 2005)	Submitted
Report on Public Expenditure in Primary and Secondary Education in Cantons of the Federation of Bosnia and Herzegovina (November 2005)	Submitted
Preliminary Analysis of Legislation Concerning the Area of Use and Ownership of Municipal Property with Action Plan Proposal (March 2006)	Submitted
Spatial Planning Legislation Resume in the FBiH and RS (March 2006)	Submitted
Concept of Zoning Introduction to the Current Legal System (March 2006)	Submitted
Article for MAU Bulletin - The FBiH Law on the Allocation of Public Revenues and the Recent Amendments to the RS Budget Systems Law (May 2006)	Submitted
Comments Regarding Draft Law on Ownership and Other Rights Addressed to the Federation Ministry of Justice and GTZ Working Group (May 2006)	Submitted
Simulator of Revenue Allocation System in FBiH (June 2006)	Submitted
Comments Regarding Draft Law on Ownership and Other Rights Addressed to the Republic of Srpska Ministry of Justice and GTZ Working Group (July 2006)	Submitted
Report on Financing of Sarajevo City (October 2006)	Submitted
Simulator of Revenue Allocation System in Republic of Srpska (November 2006)	Submitted
Report on Adoption of Federation of Bosnia and Herzegovina Municipalities Comments on the Draft Law on Ownership and Other Rights (November 2006)	Submitted
Report on Adoption of Republic of Srpska Municipalities Comments on the Draft Law on Ownership and Other Rights (November 2006)	Submitted
Article for "Lokalna Samouprava" Journal: "Municipal Borrowing – Best and Worst Practices from a Regulatory Perspective" (December 2006)	Submitted
Report on Federation and Republic of Srpska Municipalities Comments on Public Procurement with Proposed Amendments (January 2007)	Submitted

<b>Contract Deliverables and Other GAP Products (continued)</b>	<b>Status</b>
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Reports and Analyses (continued)

Presentations on the Bosnia and Herzegovina Law on Public Procurement and Common Mistakes in Implementation of the Law (March 2007)	Submitted
Commentary on the Federation of Bosnia and Herzegovina Law on Principles of Local Self-Government (June 2007)	Submitted
Proposed Guidelines for Legal Reform Concerning Concessions (September 2007)	In Progress

Laws and Bylaws

Law on Changes to the Republic of Srpska Budget System Law (October 2005)	Submitted
Law on Allocation of Public Revenues in the FBiH (May 2006)	Submitted
Decision on VAT Allocation to RS Local Government 2007 – 2016 (May 2006)	Submitted
Law on Changes to the Republic of Srpska Budget System Law (December 2006)	Submitted
Instruction on the Share of Cantons, Municipalities and Road funds in Indirect Tax Revenues in the Federation of Bosnia and Herzegovina (June 2006)	Submitted
Amendments to the FBiH Ministry of Finance Rulebook on Payment Accounts (June 2006)	Submitted
FBiH Law on Principles of Local Self-Government (August 2006)	Submitted
Decision on VAT Allocation to Local Government by the RS Ministry of Finance 2006 – 2011 (December 2006)	Submitted
Draft of Model Law on Changes to Cantonal Laws on Local Self-Government (April 2007)	Completed
Amendments to the Federation of Bosnia and Herzegovina Draft Law on Debt, Indebtedness and Guarantees (June 2007)	In Progress
Draft FBiH Instruction on Reporting and Reporting Format (July 2007)	Completed
Draft of Model Cantonal Law on Local Self-Government (July 2007)	Completed

**Contract Deliverables and Other GAP Products (continued)****Status**Other Reports

Integrated Accounting and Budgeting Software: A New Tool for BiH Municipalities (November 2006)	Completed
Management Consulting Reports (MCR) for Selected Municipalities	
MCR Ljubuški (May 2006)	Submitted
MCR Mrkonjić Grad (May 2006)	Submitted
MCR Goražde (September 2006)	Submitted
MCR Vlasenica (May 2006)	Submitted
MCR Živinice (January 2007)	Completed
MCR Kakanj (January 2007)	Completed
MCR Vukosavlje (December 2006)	Completed
MCR Bugojno (January 2007)	Completed
MCR Gradiška (January 2007)	Completed

Software Solutions and CDs

Multi-Year Financial Forecast: Customized Microsoft Excel Tool (February 2005)	Completed
Financial Projection Tool for Municipal Borrowing: Application in Microsoft Excel (March 2006 production date)	Submitted
Revenue Maximization Tool (March 2006)	Submitted
Capital Improvement Plan Project Monitoring Software (April 2007)	Completed
CD ROM "Governance Accountability Project" (for the Municipal Fair), June 2007	Submitted



## Annex IV: Companion Documents

The following presentation for GAP donors, the U.S. Embassy, Swedish Embassy and the Embassy of the Kingdom of the Netherlands in Sarajevo was originally delivered at the premises of the USAID Mission to BiH on October 24, 2006; again on November 17, 2006 and finally most recently at the offices of GAP on February 6, 2007 for a visiting delegation from Sida. The information below has been updated to represent final accomplishments and results.

### GAP Presentation



## Governance Accountability Project (GAP) in Bosnia and Herzegovina

### Presentation and Project Update for USAID and Sida Missions in BiH

(Last Presented February 6, 2007)  
Sarajevo – October 2007 (Update)

Implementer: Development Alternatives Incorporated (DAI)  
Chief of Party: Rudy F. Runko



## Presentation Outline

- **Fast Facts**
- **Overview of the Project**
- **Achievements To Date**
- **Results To Date**
- **Remaining Tasks**
- **Sustainability**

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## GAP Presentation (continued)



### Fast Facts

- **GAP started:** July 15, 2004  
**GAP to be completed:** October 26, 2007
- **Project financing:** USAID \$10.45 million  
Sida 75.1 million SEK
- **Four offices:** Sarajevo (main office)  
Banja Luka, Mostar  
Tuzla (regional hubs)
- **IT hardware furnished to municipalities and grantees (to date)**  
Workstations 1,256  
Servers 76  
Printers 373  
And much more

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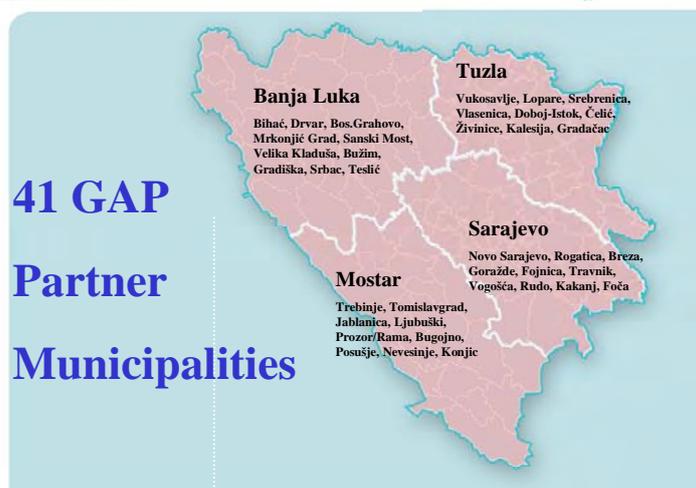


### Overview of the Project

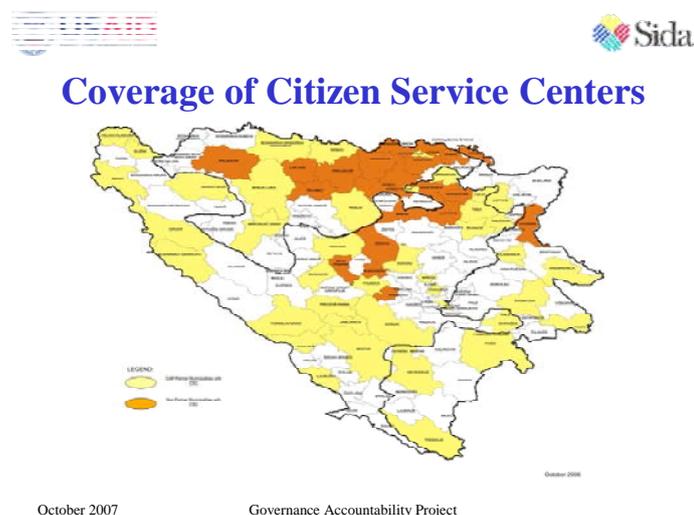
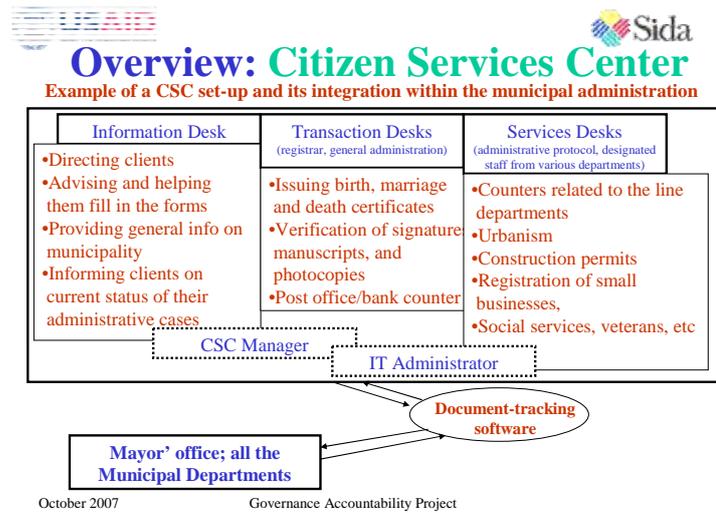
- **Municipal Interventions**
  - Forty-one partner municipalities
  - Citizen service centers (CSC or “one-stop-shop”)
  - New or upgraded financial management systems
  - Urbanism and urban permitting pilot projects
  - Participatory community development grants process
  - Implementation of capital improvement planning
  - Local economic development strategies

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## GAP Presentation (continued)



## GAP Presentation (continued)



### Overview: Financial Management Systems

The first integrated system in BiH specially designed for municipalities. Consists of ten modules:

- General Ledger
- Accounts Payable
- Accounts Receivable
- Cash management
- Procurement (with commitments feature)
- Budgeting
- Payroll with Human Resources Management sub-module
- Fixed Assets
- Small Inventory
- Cost Accounting

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### Overview: Financial Management Systems

Major advantages of the integrated system:

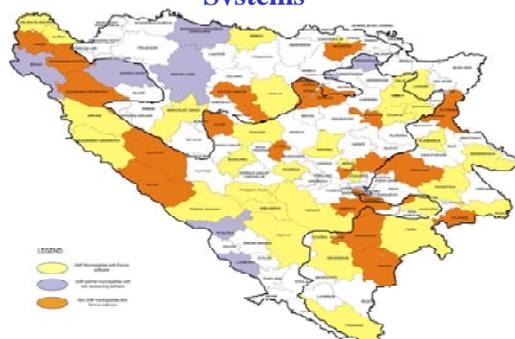
- Increased transparency of the financial management in the municipality.
- Increased efficiency and efficacy of municipal administration.
- Strengthened control environment which leads to better internal control within the municipality.
- Quick and efficient overview of all the information available in the system.
- Fully automated, complete and consistent financial reporting capability.
- Possibility to import/export data from/to external systems.
- Data from one module is available to other modules.
- Simple system maintenance.
- Capability to calculate full cost of selected municipal services.
- Domestic software provider.
- Provides all the tools needed for municipal treasury systems.

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### Overview: Coverage of Financial Management Systems



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## GAP Presentation (continued)



### Overview: Urban Permitting

GAP delivers three levels of Urban permitting-related assistance.

The level to be applied depends on the workload in the urbanism department and municipal capacity such as professional and hardware base, level of digitization of maps and political will to engage in change.

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### Overview: Urban Permitting

**First level:** *all CSC-municipalities*

**Support by GAP:**

- Permit desk in the CSC and computerization of back office urban department
- Document tracking software
- Technical assistance in process reengineering

**Procedural change:**

- Procedures are mapped and streamlined within the municipal administration
- Information to applicants provided at CSC permit desks

**Impact:**

- Improved procedures
- Guides for applicants are provided at the CSC to make the procedures more transparent

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### Overview: Urban Permitting

**Second level:** *more advanced municipalities*

**Support by GAP:**

- GIS software and hardware support
- Technical assistance to introduce zoning principles and methodology

**Procedural change:**

- Use of GIS software to store data related to all aspects of construction permits

**Impact:**

- Easier and faster access to information and improved transparency
- Procedures are adapted to digitized storage of data and plans

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## GAP Presentation (continued)



### Overview: Urban Permitting

**Third level:** *Four hubs and most advanced interested municipalities*

**Support by GAP:**

- Advanced GIS application integrates document tracking with permitting forms and planning data from GIS databases
- Implementation of zoning methodology in one area as a local show case

**Procedural change:**

- GIS database joined with document tracking (intranet/internet on line service)
- Coordination and exchange of relevant data between the municipality and external stakeholders, i.e. utilities and urban institutes

**Impact:**

- Electronic information on construction regulations at the CSC permit center
- Applicant can follow the status of an application through the document tracking system.

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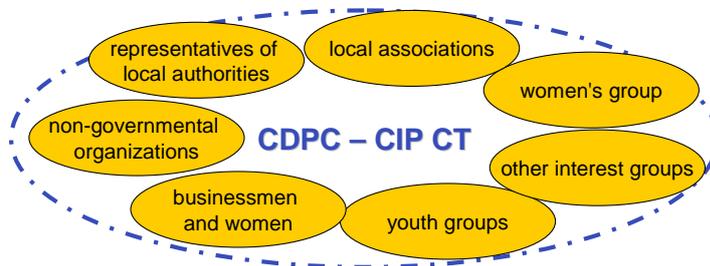
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### Overview: Participatory Decision-Making

*41 established Community Development Planning Committees or Capital Improvement Planning Coordination Teams*

**Priority projects identified by using wide-based community planning mechanisms**



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### Overview of the Project

- Policy Interventions
  - Assistance to the FBiH Parliament, which adopted the Law on Principles of Local Self-Government.
  - Development of a landmark revenue allocation proposal, promotion of strategies for its adoption and rulebooks for its implementation, ensuring that municipalities would receive a fair share of VAT.
  - Support for the common voice of municipal governments.

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## GAP Presentation (continued)



### Overview: FBiH Law on Principles of LSG

- The Law gives more power to municipalities in certain areas, and:
  - clarifies competencies between cantons and municipalities.
  - clarifies competencies between the municipal council and the mayor.
  - establishes procedures for adoption of the budget and introduces a system of checks and balances in case the budget is not adopted in time.
  - introduces a detailed system of supervision of finances and legality of acts.

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### Overview: Revenue Allocation Legislation in the Entities

- GAP worked to achieve adoption of revenue allocation legislation despite overwhelming obstacles. The new system provides:
  - transparent, predictable and standardized system of revenue allocation, with clear objective criteria
  - horizontal fiscal equalization at both the local government and cantonal levels, significantly improving the disparity in per capita revenue across the governments
  - a greater share of public revenue for local government
  - significant harmonization of the system of financing local government
  - assurance that growth in revenues from the single account will be shared among all levels of government

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### Overview: Common Voice of Local Government

- GAP is targeting repair of the existing entity municipal associations as the means of strengthening the common voice of the municipal sector in BiH. The approach has included:
  - work on improving the coordination between the Associations, Parliamentary Committees, government, and other relevant key institutions.
  - cooperation between GAP and the Associations in legislative reform and adoption of key legislation
  - active involvement with both Associations on property reform and Law on Real Rights
  - establishment of Coordination Body which would be the first joint body constituted of members from both Associations.

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## GAP Presentation (continued)



### Achievements To Date

- Forty citizen service centers and two satellite offices opened providing significantly improved administrative services benefiting approximately 1.5 million citizens of BiH.
- Over **1,050 seminars, workshops and roundtables** were conducted for more than **8,700 participants** on topics including:
  - use of new administrative and financial management software
  - public procurement,
  - local government grants,
  - process reengineering,
  - customer behavior,
  - permitting, zoning,
  - revenue maximization
  - multi-annual capital improvement planning
  - local economic development,
  - municipal borrowing
  - leadership skills...

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### Achievements To Date

- New or **upgraded financial management systems** were delivered to **35 municipalities** together with training and on-site startup support. When completed, this task will result in new or upgraded systems in **34 GAP partner municipalities**.
- In a joint project with OSCE, completed and distributed to all municipalities a comprehensive *Budget and Finance Guide for Municipalities in Bosnia and Herzegovina*. The *Budget Guide*, accompanied with a compact disk version, was produced in a labeled, loose-leaf format to allow updated information or other materials to be inserted as necessary.
- **Twenty-two municipalities** received intensive orientation and training in **capital improvement planning**, using a practical manual and other tools developed by GAP.

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### Achievements To Date

#### Participatory Decision-Making on Local Priority Projects

Leading to -

**148 Community Development Grants  
worth \$ 3.9 million**

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## GAP Presentation (continued)



### Achievements To Date

- Adoption of revenue allocation systems in the Federation and RS.
- Cantonal supervision/control over municipal finances substantially reduced.
- Adoption of FBiH Law on Principles of Local Self-Government.
- Adoption of changes to the FBiH law on concessions providing more autonomy in decision-making to municipalities.
- Associations making progress toward developing into truly representative organizations that can effectively advocate on behalf of local government. For example:
  - In the RS, the National Assembly adopted all amendments to the revenue allocation legislation proposed by the Association.
  - In the Federation, the Association successfully represented the local government position at the Constitutional Court against the “vital national interest” assertion of the Croatian caucus, which challenged the Law on Revenue Allocation.
- Implementation of an outstanding monitoring & evaluation component.

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### Results To Date: GAP Is Making a Difference

- Citizen attitudinal surveys show a 14.5-point increase in satisfaction with services in GAP municipalities. Meanwhile, in control group municipalities where no intervention occurred, satisfaction increased by only 5-points).
- Volume of complaints received, proportion of complaints resolved, applications processed and average time for providing municipal services are all trending in favorable directions in GAP partner municipalities.
- The number of citizens rating their current municipal government either “excellent” or “good” increased by 13-points in GAP municipalities, while for the same period an increase of only 3-points was recorded in control group municipalities.
- Municipal Capacity Index (scale of 1 to 100) measuring performance in selected areas more than doubled in GAP municipalities, while increasing much more slowly in the control group.

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### Results To Date: GAP Is Making a Difference

- Out of the twenty-two municipalities that received intensive orientation and training in capital improvement planning, eighteen municipalities adopted the five-year capital improvement plan that derived from the methodology outlined in the GAP manual.
- Fourteen of these municipalities are in their second or third annual capital improvement plan update cycle that will cover the period 2007-2011.
- Municipalities in the Federation are now receiving a direct allocation of 8.42 percent of the proceeds in the entity single account (bypassing any intermediate transfer to the cantons).
- Municipalities in the RS are now receiving a direct allocation of 24.0 percent of the proceeds in the entity single account.
- Municipal input into the entity Laws on In-Rem Rights facilitated by GAP initiative.

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## GAP Presentation (continued)



### Results To Date: GAP Is Making a Difference (the citizen's view)

- **A few quotes from citizen comments in the CSC "book of impressions":**

#### Tuzla CSC

*"I come from Srebrenik and I cannot believe that something like this exists in my country. I am speechless to explain what I have seen here. I practically had no chance to ask for my documents and I already got them"* wrote Mr. Nedim who came to get a birth certificate in the new citizen service center (January 23, 2006).

*"I was born in Tuzla. I have visited many places and important institutions, but I have to admit that this one really impresses me. Since the very entrance to the premise, I was pleasantly surprised. Kind staff, smiles, fast service, starting with the information and all the way through the act of getting the requested document, are all the measure of a cultural, up-to-date and world-class center. Thank you for this"* wrote Danica Krešić (January 24, 2006).

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### Results To Date: GAP Is Making a Difference (the citizen's view)

- **A few quotes from citizen comments in the CSC "book of impressions":**

#### Mrkonjić Grad

*"When I came to the citizen service center to obtain certificates I could not believe my eyes that I see such an improvement, that I can finish everything, even the payments, at one place. Premises are first-class and I have not seen any better even in the West!"* wrote a guest worker in Italy (October 2006).

*"At last we too have improved the services so that users can now have easier access to all information and obtain all papers and documents at one place, without going from one office to another, as it used to be"* wrote a retired citizen of Mrkonjić Grad (October 2006).

*"My dream is that my municipality Sipovo has something like this"* wrote a journalist from Sipovo (October 2006).

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## Sustainability

- The CSCs are now a permanent fixture in their respective municipalities. Given their universal acceptance, backsliding from this reform is virtually impossible.
- Experience in BiH with financial management systems at higher levels of government suggest that once in place and functioning, finance officials seek to expand rather than abandon them.
- The GAP model emphasizing training, capacity building and intense field presence and follow-up should produce maximum likelihood that most reforms will be sustained.
- One challenge relates to the continuation of community development planning committees (CDPCs) that were organized to focus public participation in the grants program. Unless new or expanded roles are identified for these vehicles, some could possibly atrophy.

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## ANNEX V: WORK PLAN ACTIVITY LOG (10/10/2007 - FINAL)

Activity 1.A.1 – Municipal Customer Service Initiatives	Work Plan Target Date	Current Estimated Completion	Notes
1. Preparation of technical assistance packages including CSC Manual	Nov '04	Nov '04	<b>TASK COMPLETED.</b>
2. Staff training	Jan '05	Jan '05	<b>TASK COMPLETED.</b>
3. Sign MoU with first cohort municipalities	Dec '04	Dec '04	<b>TASK COMPLETED.</b>
4. Mayors decisions on CSC establishment	Jan '05	Jan '05	<b>TASK COMPLETED.</b>
5. Establishment of the CSC Working Group	Feb '05	Feb '05	<b>TASK COMPLETED.</b>
6. Needs assessment	Mar '05	Dec '05	<b>TASK COMPLETED.</b>
7. Conceptual and construction design of the CSC	Apr '05	Jan '06	Action plan for Mostar approved January 11, 2006. <b>TASK COMPLETED.</b>
8. Scope of Work discussed and signed	May '05	Jul '06	Task completed except in Mostar (Dec '05). See item No. 7. IRM concurrency received June 12, 2006. Mostar tender proposals received July 13, 2006. <b>TASK COMPLETED.</b>
9. Remodeling of customer service centers (CSCs)	Oct '05	Sep '06	<b>TASK COMPLETED.</b>
10. Grant and tender procedures	Aug '05	Jul '06	<b>TASK COMPLETED.</b>
11. Process reengineering	Sep '05	Mar '06	<b>TASK COMPLETED.</b>
12. Development and installing the software	Dec '05	Sep '06	<b>TASK COMPLETED.</b>
13. CSC staffing and training of municipal staff	Jun '06	Nov '06	All first cohort citizen service centers were staffed with trained personnel by November 2006. If new personnel are appointed in Mostar, additional training would be provided under a new work plan activity. <b>TASK COMPLETED.</b>
14. Loading of the data	Aug '07	Sep '07	Loading of data will be a long-term continuum. Twelve first-cohort municipalities have digitized the majority of their registrar data.
15. Establishment of the CSC Advisory Board	Dec '05	Sep '06	<b>TASK COMPLETED.</b>
16. First cohort CSCs opened	Dec '05	Dec '06	Breza opened November 16, 2006 and Mostar opened December 4, 2006. <b>TASK COMPLETED.</b>
17. Raising community awareness of CSC	Jan '06	Mar '06	<b>TASK COMPLETED.</b>
18. Second cohort municipalities identified	Nov '05	Nov '05	<b>TASK COMPLETED.</b>
19. Sign MoU with second cohort (II C) municipalities	Dec '05	Dec '05	<b>TASK COMPLETED.</b>
20. II C Mayors decisions on CSC establishment	Jan '06	Jan '06	<b>TASK COMPLETED.</b>
21. Establishment of the CSC Working Group II C	Jan '06	Jan '06	<b>TASK COMPLETED.</b>
22. Needs assessment II C	Mar '06	Mar '06	<b>TASK COMPLETED.</b>
23. Conceptual and construction design of the II C CSC	Mar '06	May '06	<b>TASK COMPLETED.</b>
24. Scope of Work discussed and signed with II C	Apr '06	Jul '06	<b>TASK COMPLETED.</b>
25. Grant and tender procedures II C	Jul '06	Dec '06	<b>TASK COMPLETED.</b>
26. Process reengineering II C	Jul '06	Oct '06	<b>TASK COMPLETED.</b>
27. Remodeling of II C customer service centers (CSCs)	Aug '06	Feb '07	<b>TASK COMPLETED.</b>
28. Installing the software II C	Oct '06	Feb '07	<b>TASK COMPLETED.</b>

<b>Activity 1.A.1 – Municipal Customer Service Initiatives (continued)</b>		<b>Work Plan Target Date</b>	<b>Current Estimated Completion</b>	<b>Notes</b>
29.	II C CSC staffing and training of municipal staff	May '07	Mar '07	Study tour to Poland completed April 9th. CSC manager training completed in August 2006. Ahead of schedule... <b>TASK COMPLETED.</b>
30.	Loading of the data II C	Aug '07	Sep '07	Loading of data will be a long-term continuum. Twelve second-cohort municipalities have digitized the majority of their registrar data.
31.	Establishment of the II C CSC Advisory Board	Jul '06	Jul '07	<b>TASK COMPLETED.</b>
32.	Second cohort CSCs opened	Nov '06	Mar '07	<b>TASK COMPLETED.</b>
33.	Raising community awareness of II C CSC	Dec '06	Apr '07	Public Outreach Initiative (POI) training for second cohort (55 municipal employees) completed in eighth quarter. Four representatives of municipal associations also participated. Each municipality conducting public campaign prior to the opening of the CSC and thereafter. <b>TASK COMPLETED.</b>
34.	Promotion of the ISO Certification	Jun '06	Sep '07	Novo Sarajevo officially certified for ISO 9001 standardization February 23, 2006. Vogošća certified for ISO 9001 on December 13, 2006. Breza certified for ISO 9001 on March 15, 2007.  Foča, Trebinje, Travnik, Kakanj and Goražde are in the final phase of certification. Rudo, Fojnica, Gradačac, Gradiška, Vlasenica, Srebrenica and Lopare have commenced the process leading to certification.  Four regional ISO-related workshops conducted from October 2-5, 2007 in Sarajevo, Gradiška, Mostar and Živinice. <b>TASK COMPLETED.</b>
35.	Complaint procedures	Aug '07	Sep '07	Complaint manual drafted "Introducing Complaint Procedures to GAP Municipalities" Draft No. 6, October 2006. With adoption of procedures in Tuzla on Sep 4, 2007 complaint procedures have been adopted in all forty-one partner municipalities. <b>TASK COMPLETED.</b>
36.	Performance monitoring against the MoU	Aug '07	Aug '07	Initial CSC performance audits and second round audits completed in all municipalities. Second year citizen and business satisfaction attitudinal surveys for first cohort and first year surveys for second cohort completed. Workshops on Internal Communications and Exchange of Best Practices conducted in all four regions. <b>TASK COMPLETED.</b>
37.	IRM for Mostar approved	Jun '06	Jun '06	<b>TASK COMPLETED.</b>
38.	[Mostar] Tendering procedures completed [incl. vendor selection, execution of contracts]	Jul '06	Aug '06	<b>TASK COMPLETED.</b>
39.	[Mostar] LAN and MAN completed	Aug '06	Jan '07	LAN is completed, MAN was completed January 9, 2007 and is fully functional. <b>TASK COMPLETED.</b>
40.	[Mostar] Hardware installed	Sep '06	Oct '06	<b>TASK COMPLETED.</b>
41.	[Mostar] Software installed	Sep '06	Oct '06	<b>TASK COMPLETED.</b>
42.	Mostar CSC operational	Sep '06	Dec '06	<b>TASK COMPLETED.</b>

<b>Activity 1.A.2 – Business Registration &amp; Permitting</b>		<b>Work Plan Target Date</b>	<b>Current Estimated Completion</b>	<b>Notes</b>
43.	Develop business registration & permitting module to be integrated in CSC	Nov '04	Nov '04	<b>TASK COMPLETED.</b>
44.	a. BR&P process reengineering staff training	Jan '05	Jan '05	<b>TASK COMPLETED.</b>
45.	b. Creation of the BR&P Municipal Sub Groups	Feb '05	Feb '05	<b>TASK COMPLETED.</b>
46.	c. Piloting BR&P procedure inclusion in the CSC	Jan '06	Jan '06	<b>TASK COMPLETED.</b>
47.	d. Creation of the BR&P Municipal Guides	Dec '05	Feb '06	<b>TASK COMPLETED</b> (guides available at opening of CSC).
48.	Linkage to other IC same sector projects	Jun '06	Aug '07	Joint workshops with SPIRA on Exchange of Best Practices conducted in all four regions with 113 participants from 41 municipalities. <b>TASK COMPLETED.</b>
49.	Coordinate with policy team on legislative changes	Jul '07	Aug '07	<b>TASK COMPLETED.</b>
50.	Start with BR&P procedure inclusion in the other cohort I CSC	Feb '07	Feb '07	<b>TASK COMPLETED.</b>
51.	Integrate business registration with central registry and CSC databases cohort I	Mar '06	Mar '06	<b>TASK COMPLETED.</b>
52.	Integrate business registration with central registry and CSC databases cohort II	Aug '07	Mar '07	<b>TASK COMPLETED.</b>
53.	Start with second cohort municipalities - CSC WG initiation	Jan '06	Jan '06	<b>TASK COMPLETED.</b>
54.	Mapping of processes in second cohort municipalities	Feb '06	Feb '06	<b>TASK COMPLETED.</b>
55.	Process reengineering in second cohort municipalities	Aug '06	Oct '06	<b>TASK COMPLETED.</b>
56.	Production of the new citizens' guides in second cohort municipalities	Aug '06	Mar '07	<b>TASK COMPLETED.</b>
57.	Share recommendations on process improvement, reports and action workshops	Jun '07	Jun '07	Series of workshops conducted in February 2007. <b>TASK COMPLETED.</b>
58.	Performance monitoring	Jul '07	Jul '07	CSCs have citizen guides including information on business registration as confirmed during performance audit visits. Performance audits completed on schedule. <b>TASK COMPLETED.</b>
<b>Activity 1.A.3 – Urban Planning and Permitting (UPP)</b>				
59.	Develop urban planning and permitting module for CSCs	Aug '05	Dec '05	<b>TASK COMPLETED.</b>
60.	Assess and map municipal processes	Aug '05	Dec '05	<b>TASK COMPLETED.</b>
61.	Presentation of local and regulatory obstacles during the GAP Partners Forum Conference	Sep '05	Jan '06	In lieu of the Partners Forum Conference, roundtables were conducted in Sarajevo, Banja Luka and Tuzla. Separate meeting held in Mostar on January 27, 2006 at which Cantonal representatives expressed interest in zoning approach. <b>TASK COMPLETED.</b>
62.	UPP process reengineering training for the Hub municipality staff	Nov '05	Dec '05	<b>TASK COMPLETED.</b>
63.	Advanced process reengineering of pilot project	Jul '06	Dec '06	<b>TASK COMPLETED.</b>

<b>Activity 1.A.3 – Urban Planning and Permitting (UPP) – continued</b>		<b>Work Plan Target Date</b>	<b>Current Estimated Completion</b>	<b>Notes</b>
64.	Linkage to other IC same sector projects; (land registry etc.) cohort I	Sep '05	May '07	Meeting with SPIRA on September 27, 2006 to follow up on legislative proposals dealing with planning and permitting procedures. Cooperation continued on issues related to cadastre (GTZ) and further streamlining of procedures (SPIRA). GAP commented on draft RS planning law in a meeting with SPIRA on April 5, 2007 and met with the GTZ land registry project on February 26, 2007 and April 17, 2007.  Working groups established by GTZ on legal and IT issues with GAP membership. GAP also represented on SPIRA working groups. <b>TASK COMPLETED.</b>
65.	Linkage to other IC same sector projects; (land registry etc.) cohort II	Aug '06	May '07	GAP completed the reform on urban permitting and planning in close collaboration with international community same sector projects. <b>TASK COMPLETED.</b>
66.	Finalizing advanced manual to streamline permitting procedures	Aug '06	Aug '06	Manual "How to Establish a Permitting Center" finished August 10, 2006. <b>TASK COMPLETED.</b>
67.	Reengineer Urbanism Department processes	Nov '05	Jul '06	<b>TASK COMPLETED.</b>
68.	Link to other institutions & government level's processes	Dec '05	Aug '06	<b>TASK COMPLETED.</b>
69.	First cohort municipalities online	Jul '06	Jun '07	<b>TASK EXPANDED.</b> On December 28, 2006 JMC approved expanded activities in Bihać, Velika Kladuša, Jablanica, Trebinje and Goražde. Scope of work agreements for the expanded activities were signed and GIS software procurement procedures and staff training completed during June 2007. <b>TASK COMPLETED.</b>
70.	Second cohort municipalities included	Jul '06	Jun '07	Scope of work agreements including urban permitting for second cohort municipalities completed.  <b>TASK EXPANDED.</b> On December 28, 2006 JMC approved expanded activities in Konjic, Travnik and Foča. Scope of work agreements were signed, tenders completed and software and hardware has been installed and staff training completed in Foča, Konjic and Travnik. <b>TASK COMPLETED.</b>
71.	Establishing urbanism working sub-groups (II C)	Mar '06	Mar '06	<b>TASK COMPLETED.</b>
72.	Train 2nd cohort municipalities in GAP improving models of urban planning and permitting procedures, based on the manual	Jun '06	Jun '06	<b>TASK COMPLETED.</b>
73.	Prepare urbanism department need assessment for SoW agreement (II C)	Jun '06	Jun '06	<b>TASK COMPLETED.</b>
74.	Mapping administrative permitting process and introduction of the UPP reengineering process	Jun '06	Jun '06	<b>TASK COMPLETED.</b>
75.	Procuring the urbanism software for model 2 and model 3 (pilot) municipalities	Aug '06	Jul '07	<b>TASK COMPLETED.</b>
76.	Contracting and software development	Nov '06	Jul '07	<b>TASK COMPLETED.</b>
77.	Installation of urbanism software, and training held by software provider (II C)	Oct '06	Jul '07	<b>TASK COMPLETED.</b>

<b>Activity 1.A.3 – Urban Planning and Permitting (UPP) – continued</b>		<b>Work Plan Target Date</b>	<b>Current Estimated Completion</b>	<b>Notes</b>
78.	Urban planning and permitting process reengineering in selected (bigger) municipalities (II C)	Dec '06	Dec '06	Eight workshops were conducted in hub and selected larger municipalities during September-October 2006. <b>TASK COMPLETED.</b>
79.	Implementation of UPP level 2 for selected municipalities	Jan '07	Jun '07	<b>TASK COMPLETED.</b>
80.	Integration of permitting into the CSC document tracking system	Jun '07	Aug '07	This task is complete in thirty-nine first and second cohort municipalities where permitting is integrated into the CSC document tracking system to facilitate monitoring. For the four hub municipalities the advanced applications were installed in three of the four hubs by the end of the quarter. Implementation in Mostar was delayed because of a complaint by one bidder. <b>TASK COMPLETED.</b>
81.	Second training on reengineering	Oct '06	Oct '06	<b>TASK COMPLETED.</b>
82.	Drafting manual to streamline permitting procedures for the pilot project	Aug '06	Aug '06	<b>TASK COMPLETED.</b>
83.	Start-up assessment of interest and needs for four hub pilot projects (Banja Luka, Mostar, Novo Sarajevo and Tuzla)	Mar '06	Mar '06	<b>TASK COMPLETED.</b>
84.	Prepare Manual on Improving Permitting Procedures by Efficient Urban Land Management (pilot)	Feb '07	Apr '07	<b>TASK COMPLETED.</b>
85.	Training on final zoning manual including land partition, official map, and infrastructure additional separates (pilot municipalities)	Sep '06	Oct '06	<b>TASK COMPLETED.</b>
86.	Appointment of the advisory board / urbanism working group (UWG) for the permit center and its establishment / improvement within the pilot scheme	Jul '06	Jul '06	<b>TASK COMPLETED.</b>
87.	Signing scope of work agreement between municipality and GAP	Jun '06	Oct '06	SoW agreements approved or processed as follows: Novo Sarajevo (approved) August 25, 2006 Mostar (approved) September 26, 2006 Tuzla (approved) October 16, 2006 Banja Luka (submitted to JMC) October 28, 2006 <b>TASK COMPLETED.</b>
88.	Defining the project action plan	Jul '06	Oct '06	Draft action plan prepared by Novo Sarajevo. MoUs executed between stakeholders in four hub municipalities. <b>TASK COMPLETED.</b>
89.	Implementation of pilot project	Jul '07	Sep '07	Novo Sarajevo completed March 29, 2007. Banja Luka completed on May 9, 2007 and Tuzla on June 19, 2007. Mostar permit center opened in September 2007. <b>TASK EXPANDED:</b> Travnik, Velika Kladusa and Konjic permit centers opened on June 11, June 25 and August 30, 2007 respectively. <b>TASK COMPLETED.</b>
90.	Technical assistance provided to hub municipalities in the preparation of ULMIS and as an option including zoning methodology	Jul '07	Jul '07	Tendering complete except in Mostar (scheduled for July 2007). Technical assistance has been provided during eleventh quarter to all four pilot municipalities and six "co-pilot" municipalities. <b>TASK COMPLETED.</b>
91.	Setting long term objectives with an aim to ensure sustainability of the process	Aug '07	Aug '07	A two-day workshop to support this task was held on April 25-26, 2007 focused on long-term objectives in pilot municipalities with a follow-on workshop held in Tuzla on June 18, 2007 at which municipalities presented long-term action plans. <b>TASK COMPLETED.</b>

<b>Activity 1.A.3 – Urban Planning and Permitting (UPP) – continued</b>		<b>Work Plan Target Date</b>	<b>Current Estimated Completion</b>	<b>Notes</b>
92.	Community awareness of new processes	Jan '07	Jun '07	A draft report on the urban pilot “Smarter Planning and Permitting - Lessons Learned From the GAP Urban Pilot” was completed on April 6, 2007. Lessons learned conference organized on June 18-19, 2007 and a workshop on June 21, 2007. <b>TASK COMPLETED.</b>
93.	Performance monitoring against the SOW agreement	Aug '07	Aug '07	Second year citizen and business satisfaction attitudinal surveys for first cohort and first year surveys for second cohort completed. Performance improvements closely monitored by PMP and attitudinal surveys and discussed at conferences and workshops (see above). <b>TASK COMPLETED.</b>

**Activity 1.B.1 – Participatory Planning for Community Development and Infrastructure Grants**

94.	CDPC is formed in the 1st Cohort Municipalities	May '05	May '05	<b>TASK COMPLETED.</b>
95.	Public informed through media campaign of the CDPC establishment and initial work	May '05	May '05	<b>TASK COMPLETED.</b>
96.	Timeline for the work of the CDPC adopted	May '05	Jun '05	<b>TASK COMPLETED.</b>
97.	Priorities and criteria for the project evaluation set	May '05	Jun '05	<b>TASK COMPLETED.</b>
98.	Community development application form prepared and distributed to the public (published in the press)	May '05	Jun '05	<b>TASK COMPLETED.</b>
99.	Community development application forms collected	Jul '05	Aug '05	<b>TASK COMPLETED.</b>
100.	Community development application forms completed, scored, and categorized	Jul '05	Aug '05	<b>TASK COMPLETED.</b>
101.	Financial management questionnaire completed by potential grantees, with GAP grant coordinators and GAP sub-accountant’s assistance	Aug '05	Nov '05	<b>TASK COMPLETED.</b>
102.	GAP grant proposals completed by the potential grantees, with the assistance of GAP Grants Coordinators and CDPC as needed, and given to GAP	Aug '05	Nov '05	<b>TASK COMPLETED.</b>
103.	GAP grants proposals submitted to the GAP Joint Management Committee (JMC)	Aug '05	Nov '05	<b>TASK COMPLETED.</b>
104.	GAP Management Team JMC/GAP Management Team reviews the proposals and gives final approval.	Sep '05	Feb '06	<b>TASK COMPLETED.</b>
105.	Grantees informed of JMC decisions and final Grant Agreements ready to be signed	Sep '05	Feb '06	<b>TASK COMPLETED.</b>
106.	Final Grants Agreements issued to selected grantees for signatures	Sep '05	Feb '06	<b>TASK COMPLETED.</b>
107.	Begin disbursement of the awards and monitor project implementation (cohort I)	Sep '05	Dec '05	<b>TASK COMPLETED.</b>
108.	CDPC concept discussed with the Mayor, President of the MC and other municipal employees in II Cohort Municipalities	Feb '06	Feb '06	<b>TASK COMPLETED.</b>
109.	CDPC Manual, including community development application form, GAP grant proposal form and grantee financial management questionnaire presented to the Municipal and City authorities	Feb '06	Feb '06	<b>TASK COMPLETED.</b>
110.	CDPC is formed in the II Cohort Municipalities	Apr '06	May '06	<b>TASK COMPLETED.</b>
111.	Public informed through media campaign of the CDPC establishment and initial work	Apr '06	May '06	<b>TASK COMPLETED.</b>

<b>Activity 1.B.1 – Participatory Planning for Community Development and Infrastructure Grants (continued)</b>	<b>Work Plan Target Date</b>	<b>Current Estimated Completion</b>	<b>Notes</b>
112. Timeline for the work of the CDPC adopted	Apr '06	May '06	<b>TASK COMPLETED.</b>
113. Priorities and criteria for the project evaluation set	Apr '06	May '06	<b>TASK COMPLETED.</b>
114. Community development application form prepared and distributed to the public (published in the press)	Apr '06	May '06	<b>TASK COMPLETED.</b>
115. Community development application forms collected	May '06	May '06	<b>TASK COMPLETED.</b>
116. Community development application forms completed, scored, and categorized	May '06	Sep '06	<b>TASK COMPLETED.</b>
117. Financial management questionnaire completed by potential grantees, with GAP grant coordinators and GAP sub-accountant's assistance	Jun '06	Aug '06	<b>TASK COMPLETED.</b>
118. GAP grant proposals completed by the potential grantees, with the assistance of GAP grants coordinators and CDPC as needed, and given to GAP.	Jun '06	Sep '06	<b>TASK COMPLETED.</b>
119. GAP grant proposals submitted to the GAP Joint Management Committee (JMC).	Jun '06	Oct '06	<b>TASK COMPLETED.</b>
120. JMC/GAP Management Team reviews the proposals and gives final approval.	Aug '06	Oct '06	Final group of proposals (Tuzla region) approved October 16, 2006. <b>TASK COMPLETED.</b>
121. Grantees informed of JMC decisions and final Grant Agreements ready to be signed	Aug '06	Oct '06	All final grant agreements were executed by October 20, 2006. <b>TASK COMPLETED.</b>
122. Final Grants Agreements issued to selected grantees for signatures	Aug '06	Oct '06	All final grant agreements were executed by October 20, 2006. <b>TASK COMPLETED.</b>
123. Begin disbursement of the awards and monitor project implementation	Aug '06	Aug '07	<b>TASK COMPLETED.</b>
<b>Activity 1.B.2 – Creating the Business-Friendly Municipality</b>			
124. Development of community profiles for selected first cohort municipalities	Dec '05	Dec '05	<b>TASK COMPLETED.</b>
125. Develop TA for Economic Development Roundtables and Councils (EDC)	Dec '05	Dec '05	Role of EDC embedded into CDPC or [CIP]CT. <b>TASK COMPLETED.</b>
126. Development of Reference Guide into the GAP's concept of LED	Sep '05	Nov '06	LED Specialist commenced work September 13, 2006. <b>TASK COMPLETED.</b>
127. Reference Guide into GAP concept of LED disseminated to partner municipalities	Oct '06	Jun '07	The guide was disseminated through a regional conference in Kakanj and the Municipal Fair in Gradačac. <b>TASK COMPLETED.</b>
128. Training of regional and municipal coordinators	Oct '05	May '06	<b>TASK COMPLETED.</b>
129. Development of community profiles for the second cohort of municipalities	Jun '06	May '07	Community profiles developed as part of local economic development strategy process for Vogošća, Bužim and Čelić. <b>TASK COMPLETED.</b>
130. Implementation of the LED strategies through the work of CDPCs and CIP CTs	Apr '07	Aug '07	In CIP municipalities, the LED strategy was incorporated into the multi-year planning process. <b>TASK COMPLETED.</b>

<b>Activity 1.B.2 – Creating the Business-Friendly Municipality (continued)</b>	<b>Work Plan Target Date</b>	<b>Current Estimated Completion</b>	<b>Notes</b>
131. Economic Development Leadership Roundtables implemented in target municipalities	Aug '05	Feb '06	Mostar conducted in Oct '05. Tuzla conducted in Dec '05. Sarajevo and Banja Luka conducted in Feb '06. Report "Local Economic Development Roundtables" prepared Feb '06. <b>TASK COMPLETED.</b>
132. Monitoring of implementation by MCs	Nov '06	Jun '07	LED Specialist commenced work September 13, 2006. <b>TASK COMPLETED.</b>
<b>Activity 1.C.1 – Assessment and Installation of Integrated Accounting and Budgeting Software</b>			
133. In-depth assessment of available software	Feb '05	Feb '05	<b>TASK COMPLETED.</b>
134. Specifications written	May '05	May '05	<b>TASK COMPLETED.</b>
135. Tender dossier prepared	May '05	Jun '05	<b>TASK COMPLETED.</b>
136. Procurement of software and hardware finalized and contracts signed	Aug '05	Nov '05	Contract signing delayed because of increased due-diligence. Contracts signed Nov '05. <b>TASK COMPLETED.</b>
137. Software development	Sep '05	Nov '06	Contract signing delayed because of increased due-diligence. Final module (cost accounting) installed early in ninth quarter. <b>TASK COMPLETED.</b>
138. Training of GAP staff, regional and municipal coordinators and municipal staff on use of software (beginning with standard modules)	Jun '06	Nov '06	<b>TASK COMPLETED.</b>
139. Roll-out to partner municipalities	Jun '06	Nov '06	Rollout commenced Dec '05. Completed early in tenth quarter. <b>TASK COMPLETED.</b>
140. Training, consultation, review of on-site experiences/budgeting practices in all 23 partner municipalities	Aug '06	Nov '06	Training in cost accounting provided during third year. <b>TASK COMPLETED.</b>
141. Monitoring on appropriate and complete use of software and all its applications	Aug '07	Sep '07	Task ongoing. Field staff monitor on biweekly basis complemented with visits by IT specialist. Reports given to software provider at regular meetings. Software acceptance testing conducted during eleventh quarter. <b>TASK COMPLETED.</b>
142. Selection of second cohort municipalities	Jan '06	Dec '05	JMC approved second cohort in Dec '05. <b>TASK COMPLETED.</b> <sup>43</sup>
143. Needs assessment of partner municipalities	Feb '06	Feb '06	<b>TASK COMPLETED.</b>
144. Procurement of hardware and software initiated	Jun '06	Jul '06	<b>TASK COMPLETED.</b>
145. Training of municipal staff on new software	Aug '06	Oct '06	All partner municipalities using Finova software have been trained on modules needed for budget planning. <b>TASK COMPLETED.</b>
146. Roll-out to partner municipalities of second cohort	Sep '06	Oct '06	All partner municipalities using Finova software have capability to employ budget- planning module. Likewise for Novo Sarajevo (DAENET user). <b>TASK COMPLETED.</b>
147. Training, consultation, review of on-site experiences/budgeting practices in all partner municipalities	Dec '06	Dec '06	(i) Intensive training furnished by software provider. (ii) Frequent visitations by GAP field staff. (iii) Frequent individual consultations. <b>TASK COMPLETED.</b>

<sup>43</sup> Municipality of Foča formally added on March 22, 2006.

<b>Activity 1.C.1 – Assessment and Installation of Integrated Accounting and Budgeting Software (continued)</b>	<b>Work Plan Target Date</b>	<b>Current Estimated Completion</b>	<b>Notes</b>
148. Monitoring on appropriate and complete use of software and all its applications	Aug '07	Aug '07	GAP field staff, IT specialist, Budget and Financial Management Specialist, and staff from the vendor organized into task force in August 2006 to closely monitor implementation of the IABS in partner municipalities.  Action plans are developed for each municipality and reports on progress in the use of the new software are made on weekly basis to ensure that the expected results are achieved. <b>TASK COMPLETED.</b>

### **Activity 1.C.2 – BiH Budget Guide and Basic Budget Training**

149. Review of existing budget guide from Serbia	Nov '04	Nov '04	<b>TASK COMPLETED.</b>
150. Identification of possible local partners in the process	Nov '04	Nov '04	<b>TASK COMPLETED.</b>
151. SLGRP, STTA and GAP meet with selected local partner to define specifications	Nov '04	Nov '04	<b>TASK COMPLETED.</b>
152. Establishment of Cooperation with the OSCE	Feb '05	Feb '05	<b>TASK COMPLETED.</b>
153. Development of chapters	May '05	Jul '05	<b>TASK COMPLETED.</b>
154. Review and approval of the chapters drafted by GAP staff, local and international STTAs (editorial board)	Aug '05	Aug '05	<b>TASK COMPLETED.</b>
155. Review and approval of the chapters drafted by the OSCE (editorial board)	Aug '05	Aug '05	<b>TASK COMPLETED.</b>
156. Compilation of all chapters into one uniform, format, language editing and final approval by the editorial board	Sep '05	Oct '05	<b>TASK COMPLETED.</b>
157. Translation to local languages	Oct '05	Nov '05	<b>TASK COMPLETED.</b>
158. Graphic design and printing of the manual	Nov '05	Nov '05	<b>TASK COMPLETED.</b>
159. Presentation and cross-country distribution of the manual (four regional two-day training sessions for the municipalities)	Dec '05	Dec '05	<b>TASK COMPLETED (one day launch).</b>
160. Assessment of needs and further on-site assistance (basic budget training)	Jul '06	Aug '07	<b>TASK COMPLETED.</b>
161. Update of the budget guide	Jun '06	May '07	Chapters on revenue allocation system, municipal borrowing and Budget Preparation and Budget Accounting (Federation only) added or revised. <b>TASK COMPLETED.</b>

### **Activity 1.C.3 – Human Resources Management and Human Resource Information System**

162. Finalization of the design of the GAP's model HRIS	Dec '05	Mar '06	<b>TASK COMPLETED.</b>
163. Introductory presentations on HRIS concept	Feb '06	Mar '06	<b>TASK COMPLETED.</b>
164. Work with the IT suppliers towards adapting their package to the GAP's model HRIS	Apr '06	Apr '06	<b>TASK COMPLETED.</b>
165. Start of data-entry	Apr '06	Apr '06	<b>TASK COMPLETED.</b>
166. On-site coaching in setting up and operating the HRIS	Apr '06	Apr '06	<b>TASK COMPLETED.</b>
167. Follow-up training (after three months of use)	May '07	Sep '07	This task is ongoing and will be a long-term continuum. <b>TASK COMPLETED.</b>
168. Training towards development of the "more sophisticated" use of HRIS	May '07	Jun '07	Training on the HRIS module has been delivered and support continues in promotion of more advanced use of the HRIS module. <b>TASK COMPLETED.</b>

<b>Activity 1.C.3 – Human Resources Management and Human Resource Information System (continued)</b>	<b>Work Plan Target Date</b>	<b>Current Estimated Completion</b>	<b>Notes</b>
169. Roll-out of the IABS (including HRIS) to second cohort municipalities	Sep '06	Oct '06	<b>TASK COMPLETED.</b>
170. Training, consultation, review of on-site experiences / budgeting practices in all partner municipalities	Dec '06	Aug '07	<b>TASK COMPLETED.</b>
171. Monitoring on appropriate and complete use of HRIS	Jun '07	Aug '07	Functionality of the HRIS tool (integrated with the payroll module) is monitored during implementation of IABS. <b>TASK COMPLETED.</b>
172. Preparation of management consulting reports (MCR)	Oct '05	Sep '06	Four reports completed: Ljubuški, Vlasenica, Mrkonjić Grad and Goražde. <b>TASK COMPLETED.</b>
173. Presentation of the MCRs to the municipality and implementation of the recommendations	Mar '07	Aug '07	New or revised systematization completed in Ljubuški, Goražde and Vlasenica incorporating GAP recommendations. Mrkonjić Grad implementing action plan. <b>TASK COMPLETED.</b>
174. Preparation of management consulting reports (MCRs) for the selected second cohort municipalities	Nov '06	Jan '07	Five reports completed: Živinice, Kakanj, Vukosavlje, Bugojno and Gradiška. <b>TASK COMPLETED.</b>
175. Presentation of the MCRs to the municipality and implementation of the recommendations	Jun '07	Aug '07	Presentation of MCRs to second-cohort municipalities completed. Živinice, Vukosavlje and Kakanj drafted new systemizations and adoption expected. <b>TASK COMPLETED.</b>
<b>Activity 1.C.4 – Revenue Maximization</b>			
176. In-depth review of the municipal historical financial data	Sep '05	Sep '05	<b>TASK COMPLETED.</b>
177. Technical workshops conducted	Oct '05	Dec '05	<b>TASK COMPLETED.</b>
178. Training modules developed and tested in targeted municipalities	Nov '05	Jun '06	Training modules developed; Testing commenced in Feb '06. <b>TASK COMPLETED.</b>
179. Roll-out of tool to partner municipalities	Jan '06	Jun '06	Rollout to begin following testing phase. Jablanica and Tomislavgrad commenced using tool Mar 15 '06. <b>TASK COMPLETED.</b>
180. Review of the tools re: VAT reform	May '06	Jan '07	M&E results indicate strong growth of own-source revenues in partner municipalities from 2004-2006. <b>TASK COMPLETED.</b>
<b>Activity 1.C.5 – Capital Improvement Planning</b>			
181. Review of existing materials on CIP from other countries in the region and CIP materials currently available in Bosnia and Herzegovina	Nov '04	Nov '04	<b>TASK COMPLETED.</b>
182. Develop simple, practical, serviceable Capital Improvements Planning Manual based on best practices and lessons learned	Jan '05	Jan '05	<b>TASK COMPLETED.</b>
183. Selection of first cohort municipalities	Feb '05	Feb '05	<b>TASK COMPLETED.</b>
184. Notification of Mayors of selected municipalities by GAP	Feb '05	Feb '05	<b>TASK COMPLETED.</b>
185. Initial Municipal Council resolution project delivered to Mayor	Feb '05	Feb '05	<b>TASK COMPLETED.</b>

<b>Activity 1.C.5 – Capital Improvement Planning (continued)</b>	<b>Work Plan Target Date</b>	<b>Current Estimated Completion</b>	<b>Notes</b>
186. Resolution project passed by MC	Feb '05	Feb '05	<b>TASK COMPLETED.</b>
187. Mayor's orders on Application Form, Implementation Team, Coordination Team Composition passed	Feb '05	Feb '05	<b>TASK COMPLETED.</b>
188. Coordination Team meeting (framework regulations accepted)	Feb '05	Feb '05	<b>TASK COMPLETED.</b>
189. Training of the Mayors and CT representatives in Sarajevo	Feb '05	Feb '05	<b>TASK COMPLETED.</b>
190. Training for CT members and councilors delivered	Feb '05	Feb '05	<b>TASK COMPLETED.</b>
191. Media Campaign Started	Feb '05	Feb '05	<b>TASK COMPLETED.</b>
192. Public hearing with NGOs	Mar '05	Mar '05	<b>TASK COMPLETED.</b>
193. Public hearing with business circles	Mar '05	Mar '05	<b>TASK COMPLETED.</b>
194. Mayors interview in media	May '05	May '05	<b>TASK COMPLETED.</b>
195. Media campaign completed	May '05	May '05	<b>TASK COMPLETED.</b>
196. Application forms distributed and submission deadline set	May '05	May '05	<b>TASK COMPLETED.</b>
197. Application forms collected	May '05	May '05	<b>TASK COMPLETED.</b>
198. Coordination team meeting number 2 (application forms revision, statistics analysis done and published)	May '05	May '05	<b>TASK COMPLETED.</b>
199. Determination of project budgets initiated	Jul '05	Jul '05	<b>TASK COMPLETED.</b>
200. Multiyear financial forecast (MFF) done	Jul '05	Mar '06	<b>TASK COMPLETED.</b>
201. Application forms completed (both sides) and prepared for each CT member	Jul '05	Jul '05	<b>TASK COMPLETED.</b>
202. Coordination team meeting number 3 projects split into groups, point scoring instructions, project scoring started	Jul '05	Jul '05	<b>TASK COMPLETED.</b>
203. Mayor informs MC on project statistics	Jul '05	Jul '05	<b>TASK COMPLETED.</b>
204. Project group points and costs estimated by the Secretary of CT	Jul '05	Jul '05	<b>TASK COMPLETED.</b>
205. Coordination team meeting number 4 (point scoring completed, projects ranked, first financial assignment)	Jul '05	Jan '06	<b>TASK COMPLETED.</b>
206. Implementation year determined for each project by the municipal investment department	Jul '05	Feb '06	<b>TASK COMPLETED.</b>
207. Coordination Team meeting number 5 (annual potential implementation tables ready and discussed)	Aug '05	Feb '06	<b>TASK COMPLETED.</b>
208. Coordination Team meeting number 6 (Co-financing tables ready, discussed and approved, final tables ready, discussed and approved, annual project updating approved by MC resolution)	Sep '05	Feb '06	<b>TASK COMPLETED.</b>
209. Mayor's CIP approval, plan accepted and passed to MC	Sep '05	Aug '07	<b>TASK COMPLETED.</b>
210. Media campaign on the projects content	Sep '05	Apr '06	<b>TASK COMPLETED.</b>
211. MC session on CIP held, CIP passed, CIP updating procedure passed	Sep '05	Oct '07	Delay in adoption by Ljubuški (expected October 2007) and Lopare (expected late 2007). <b>TASK 98 PERCENT COMPLETED.</b>

<b>Activity 1.C.5 – Capital Improvement Planning (continued)</b>	<b>Work Plan Target Date</b>	<b>Current Estimated Completion</b>	<b>Notes</b>
212. Media campaign on the CIP content	Sep '05	Oct '07	Linked to multiyear financial forecast. Delays have occurred in Ljubuški and Lopare, the latter because of political turmoil. <b>TASK 98 PERCENT COMPLETED.</b>
213. Selection of second cohort municipalities	Jan '06	Feb '06	Selections forwarded to USAID and Sida February 16, 2006. <b>TASK COMPLETED.</b>
214. Notification of Mayors of selected municipalities by GAP	Jan '06	Feb '06	Notifications sent February 17, 2006. <b>TASK COMPLETED.</b>
215. Initial Municipal Council resolution project delivered to Mayor	Jan '06	Jan '06	<b>TASK COMPLETED.</b>
216. Resolution project passed by MC	Jan '06	Jan '06	<b>TASK COMPLETED.</b>
217. Mayor's orders on application form, implementation team, coordination team composition passed	Feb '06	Apr '06	<b>TASK COMPLETED.</b>
218. Coordination team meeting (framework regulations accepted)	Feb '06	Apr '06	<b>TASK COMPLETED.</b>
219. Training of the Mayors and CT representatives in Sarajevo	Mar '06	Feb '06	Training delivered February 23, 2006 in Vogošća. <b>TASK COMPLETED.</b>
220. Training for CT members and councilors delivered	Apr '06	Apr '06	<b>TASK COMPLETED.</b>
221. Media campaign started	Apr '06	Apr '06	<b>TASK COMPLETED.</b>
222. Public hearing with NGOs	Apr '06	Apr '06	<b>TASK COMPLETED.</b>
223. Public hearing with business circles	Apr '06	Apr '06	<b>TASK COMPLETED.</b>
224. Mayors interview in media	Apr '06	Oct '06	<b>TASK COMPLETED.</b>
225. Media campaign completed	Apr '06	Oct '06	<b>TASK COMPLETED.</b>
226. Application forms distributed and submission deadline set	Apr '06	Apr '06	<b>TASK COMPLETED.</b>
227. Application forms collected	May '06	Aug '06	<b>TASK COMPLETED.</b>
228. Coordination team meeting number 2 (application forms revision, statistics analysis done and published)	May '06	Aug '06	<b>TASK COMPLETED.</b>
229. Statistics analysis done and published	Jun '06	Aug '06	<b>TASK COMPLETED.</b>
230. Determination of project budgets initiated	Jun '06	Aug '06	<b>TASK COMPLETED.</b>
231. Multiyear financial forecast (MFF) done	Jun '06	Aug '06	<b>TASK COMPLETED.</b>
232. Application forms completed (both sides) and prepared for each CT member	Jun '06	Jul '06	<b>TASK COMPLETED.</b>
233. Coordination team meeting number 3 projects split into groups, point scoring instructions, project scoring started	Jun '06	Jul '06	<b>TASK COMPLETED.</b>
234. Mayor informs MC on project statistics	Jun '06	Aug '06	<b>TASK COMPLETED.</b>
235. Project group points and costs estimated by the Secretary of CT	Jun '06	Jul '06	<b>TASK COMPLETED.</b>
236. Coordination team meeting number 4 (point scoring completed, projects ranked, first financial assignment)	Jun '06	Aug '06	<b>TASK COMPLETED.</b>
237. Implementation year determined for each project by the municipal investment department	Aug '06	Nov '06	<b>TASK COMPLETED.</b>

<b>Activity 1.C.5 – Capital Improvement Planning (continued)</b>	<b>Work Plan Target Date</b>	<b>Current Estimated Completion</b>	<b>Notes</b>
238. Coordination Team meeting number 5 (annual potential implementation tables ready and discussed)	Aug '06	Nov '06	<b>TASK COMPLETED.</b>
239. Coordination team meeting number 6 (co-financing tables ready, discussed and approved, final tables ready, discussed and approved, annual project updating approved by MC resolution)	Aug '06	Nov '06	<b>TASK COMPLETED.</b>
240. Mayor's CIP approval, plan accepted and passed to MC	Aug '06	Sep '07	<b>TASK COMPLETED.</b>
241. Media campaign on the projects content	Aug '06	Sep '07	In addition to the media campaigns within respective partner municipalities, a media advisory was prepared by GAP and the media was present at the best practice exchange conference held in Vogošća. <b>TASK COMPLETED.</b>
242. MC session on CIP held, CIP passed, CIP updating procedure passed	Aug '06	Jul '07	<b>TASK COMPLETED.</b>
243. Media Campaign on the CIP content	Aug '06	Jul '07	<b>TASK COMPLETED.</b>
244. CIP best practices exchange workshops held in the four GAP regions	May '06	Apr '07	A single conference in Vogošća substituted for the four regional conferences. The conference was conducted early in the twelfth quarter (April 17, 2007). <b>TASK COMPLETED.</b>
<b>Activity 2.1.1 – Review and Assess New Local Government Legislation</b>			
245. Review, analyze, and facilitate amending or drafting of relevant cantonal and municipal legislation	Jun '06	Jul '07	The Federation Law on Principles of Local Self Government was adopted by both Houses of Parliament on July 12, 2006. Final adoption occurred at the end of July and the Law was published in the Official Gazette in August 2006. Analyses of sectoral legislation and model cantonal law on local self government were produced and presented at the Conference on LSG July 5, 2007. <b>TASK COMPLETED.</b>
<b>Activity 2.1.2 – Implementation of the FBiH Law on Principles of Local Self-Government</b>			
246. Produce a Manual on Implementation of the Federation Law on Principles of Local Self-Government	Jun '07	Jul '07	Comments on the Law were presented and distributed at the Conference on LSG July 5, 2007. <b>TASK COMPLETED.</b>
<b>Activity 2.1.3 – Training of MZ Staff to Improve Citizen Participation</b>			
247. Training of MZ staff to improve citizen participation	Jul '07	Jul '07	CCI has visited selected municipalities and made agreement with Mayors. In addition to advising MZ representatives, the subcontractor consultant worked intensively on modules 1, 2 and 3 for which eight trainings were held for targeted municipalities (Mostar, Banja Luka, Prozor Rama, Teslic, Rudo and Foca). MZ priorities are being forwarded to respective municipalities.  All modules and training have been completed. MZs have enhanced capacity to efficiently advocate for their priorities. <b>TASK COMPLETED.</b>
<b>Activity 2.2 – Raising Awareness of the Value Added Tax, Implementation of the Revenue Allocation Models</b>			
248. Continue working through working groups on intergovernmental finance	Sep '05	Nov '05	<b>TASK COMPLETED.</b>
249. Organize two retreats to discuss working group solutions	Aug '05	Nov '05	<b>TASK COMPLETED.</b>

<b>Activity 2.2 – Raising Awareness of the Value Added Tax, Implementation of the Revenue Allocation Models (continued)</b>			<b>Work Plan Target Date</b>	<b>Current Estimated Completion</b>	<b>Notes</b>
250.	Two gatherings of government and Parliament representatives	Sep '05	Nov '05	<b>TASK COMPLETED.</b>	
251.	Create data base on revenues by level of government	Nov '05	Nov '05	<b>TASK COMPLETED.</b>	
252.	Development and presentation of reform options documents	Sep '05	Apr '06		Federation: Law adopted in House of Peoples on February 14. Constitutional Court found no infringement of vital national interest on April 13, 2006. Implementation started on June 19th.  RS: Council of Peoples confirmed the Law on Changes and Amendments to the Budget System Law and it was officially adopted April 13, 2006. Implementation started on July 1st. <b>TASK COMPLETED.</b>
<b>A. Improving local government revenue reporting</b>					
253.	Work with MoF on evaluating the current reporting requirements and to produce new reporting formats	Sep '06	Jul '07		Delay has resulted because prerequisite memoranda of understanding (MoU) took longer than expected to negotiate. MoU on cooperation between the RS Ministry of Finance and GAP was signed on September 6, 2006. MoU with the FBiH Minister of Finance was signed on November 16, 2006. Draft format completed and sent to the Government Legislative Office. <b>TASK COMPLETED.</b>
254.	Organization of a range of presentations with MoF for municipalities and cantons to present the draft reporting system, explain its requirements and collect comments and suggestions	Nov '06	Jul '07		See above. Conducted meeting in Tuzla region on February 15, 2007. Format circulated for comments on April 4, 2007. Comments collected and draft produced. <b>TASK COMPLETED.</b>
255.	Produce new reporting format for use in 2007	Dec '06	Jul '07		See item No. 253. Draft produced. <b>TASK COMPLETED.</b>
256.	Provide together with MoF training to local governments and cantons in use of the new format (if necessary)	Jan '07	Sep '07		Will continue to discuss the possibility of training with MoF. Due to heavy workload, the Ministry of Finance was unable to participate in the training.
257.	Training for municipal associations on use of data for policy and member support purposes	Feb '07	Jul '07		Delays resulting from internal reorganization of the Federation Association. Vacancy announced in mid-April for economic advisor. <b>TASK COMPLETED.</b>
258.	Monitor the reporting process, and provide additional assistance where needed	Jun '07	Sep '07		Activity will continue to end of project. <b>TASK COMPLETED.</b>
<b>B. Improving the capacity of entity ministries (and Associations) to adjust systems to changes in fiscal policy and expenditure assignments</b>					
259.	Provide assistance to MoF with developing of data for MoF web site on revenue allocation model	Oct '06	Aug '07		<b>TASK COMPLETED.</b>
260.	Provide training to MoF staff in work on the simulator	Nov '06	Jul '07		Ministry of Finance staff has been trained to independently operate the revenue allocation simulator. <b>TASK COMPLETED.</b>
261.	Provide training in updating the simulator and in production of individual government's share of revenue	Jan '07	Jul '07		The simulator has been updated, new data entered and Decisions with revised coefficients adopted in the RS (June 14, 2007) and drafted in the Federation (July 13, 2007). <b>TASK COMPLETED.</b>
262.	Produce training modules and manuals	Mar '07	Sep '07		Federation MoF delaying activities because of workload.
263.	Organize a joint workshop for all actors on pricing of functions	Apr '07	Sep '07		Federation MoF delaying activities because of workload.

<b>Activity 2.3 – The Functions and Finances of the City of Sarajevo</b>	<b>Work Plan Target Date</b>	<b>Current Estimated Completion</b>	<b>Notes</b>
264. Participate in a working group formed by the City Council and supported by CCI	Oct '06	Oct '06	Draft report submitted to USAID, Sida and CCI October 13, 2006. <b>TASK COMPLETED.</b>
<b>Activity 2.4- Restoring the powers of local governments in key sectors, including social services &amp; urban planning and permitting</b>			
<b>Restoring the powers of local governments in key sectors</b>			
265. Compile a list of legal obstacles based on results of the questionnaire	Jul '05	Jul '05	<b>TASK COMPLETED.</b>
266. Organize a series of workshops in order to bring together participating jurisdictions	Aug '05	Dec '05	<b>TASK COMPLETED.</b>
267. Start defining problems and possible solutions in the most critical areas	Dec '05	Dec '05	<b>TASK COMPLETED.</b>
268. Produce guidelines for legal reform with specific recommendations	Sep '05	Mar '06	<b>TASK COMPLETED.</b>
<b>Urban Planning and Permitting/Municipal Property</b>			
269. Review the existing laws	Jul '05	Aug '05	<b>TASK COMPLETED.</b>
270. Review the ongoing initiatives relevant to the status of municipal property.	Aug '05	Mar '06	<b>TASK COMPLETED.</b>
271. Compile a list of legal obstacles based on results of the questionnaire	Jul '05	Jul '06	Written comments have been collected during workshops and were used in producing documents addressed to the entity Ministries of Justice. <b>TASK COMPLETED.</b>
272. Organize a series of workshops in order to bring together participating jurisdictions.	Aug '05	May '06	<b>TASK COMPLETED.</b>
273. Produce guidelines for legal reform with specific recommendations	Sep '05	Jun '06	Legal advisor produced two documents compiling comments from Federation and RS municipalities on the pre-draft Laws on Ownership and Other Rights. The Federation document was formally sent by the FBiH municipal association to the Ministry of Justice and GTZ on May 8, 2006. The RS document was formally sent by the RS municipal association to the RS Ministry of Justice and GTZ on September 19, 2006 <b>TASK COMPLETED.</b>
274. Facilitate amending or drafting of relevant legislation	Jun '06	Nov '06	Legal advisor produced two reports based on comments from the municipalities in the FBiH and the RS. Reports were adopted by the working group in November 2006. <b>TASK COMPLETED.</b>
275. Promotion of legal changes	Jun '06	Nov '06	Legal advisor participated in the session of the working group in November 2006 at which a number of municipal comments were adopted and incorporated in the draft law of each entity. <b>TASK COMPLETED.</b>
276. Conduct analysis of the existing laws on concessions on state, entity and cantonal level	Mar '07	Apr '07	STTA legal advisor was hired in March 2007 and completed an analysis of the existing laws on concessions. <b>TASK COMPLETED.</b>
277. Organize a series of workshops on right to grant concessions in order to bring together participating jurisdictions	May '07	Jul '07	The issue of concessions related to municipal competencies was discussed at three sessions of Federation municipal association standing committees (i.e. Economic Growth, and Constitutional and Legal Matters). <b>TASK COMPLETED.</b>

**Activity 2.4- Restoring the powers of local governments in key sectors, including social services & urban planning and permitting (continued)**

**Work Plan Target Date Current Estimated Completion**

**Notes**

**Urban Planning and Permitting/Municipal Property (continued)**

- |      |   |         |         |  |
|------|---|---------|---------|--|
| 278. | Produce guidelines for legal reform with specific recommendations concerning municipal property and concessions | Jun '07 | Jul '07 | Recommendations and proposed amendments to the Federation law on concessions completed.<br><b>TASK COMPLETED.</b>  |
| 279. | Facilitate amending laws on concessions or drafting of relevant legislation                                     | Jul '07 | Jul '07 | Proposed amendments to the Federation law on concessions completed and forwarded to Association bodies for further advocacy promotion.<br><b>TASK COMPLETED.</b> |

**Education and Social Welfare**

- |      |  |         |         |   |
|------|--|---------|---------|---|
| 280. | Review the ongoing initiatives in the education and social sector reform | Jul '05 | Feb '06 | Completed analysis of European Commission functional review of education and health sector. Internal GAP report prepared.<br><b>TASK COMPLETED.</b>   |
| 281. | Develop guidelines for policy reform.                                    | Jul '05 | Feb '06 | GAP completed a simulation that reflects changes in funding for primary education, at the request of the Head of the Budget and Finance Committee of the Federation House of Representatives. The guidelines for reform were developed after adoption of the Law on Principles of Local Self-Government. Guidelines produced.<br><b>TASK COMPLETED.</b> |
| 282. | Review the existing laws.  | Sep '05 | Feb '06 | <b>TASK COMPLETED.</b>  |
| 283. | Produce a report on the overall reform process.                          | Oct '05 | Feb '06 | Internal GAP report prepared.<br><b>TASK COMPLETED.</b>   |
| 284. | Produce guidelines for policy reform.                                    | Nov '05 | Feb '06 | Internal GAP report prepared.<br><b>TASK COMPLETED.</b>   |

**Activity 2.5 – Revision of the Law on Public Procurement BiH**

- |      |  |         |         |   |
|------|--|---------|---------|---|
| 285. | Review ongoing initiatives concerning public procurement in BiH.   | Nov '06 | Nov '06 | <b>TASK COMPLETED.</b>  |
| 286. | Compile a list of legal obstacles based on responses to a questionnaire.   | Nov '06 | Dec '06 | Written comments were assembled and used in producing documents addressed to the BiH Public Procurement Agency.<br><b>TASK COMPLETED.</b>   |
| 287. | Organize a series of workshops in order to bring together participating jurisdictions.                                     | Nov '06 | Nov '06 | Together with the entity associations, GAP organized eight workshops throughout BiH to review the Public Procurement Law. Almost 240 participants representing 105 municipalities attended these workshops.<br><b>TASK COMPLETED.</b>   |
| 288. | Produce guidelines for legal reform with specific recommendations and deliver report to the Public Procurement Agency BiH. | Dec '06 | Dec '06 | A comprehensive document was produced containing proposals for amending the BiH Law on Public Procurement, based on findings from the workshops and responses to questionnaires. The document has been sent to the entity associations and EUPPP, which will address it to the Public Procurement Agency BiH.<br><b>TASK COMPLETED.</b> |
| 289. | Facilitate amending or drafting relevant legislation.  | Dec '06 | Jan '07 | Proposals for amendments to the BiH Law on Public Procurement were submitted to the PPA. The Board of the Agency will decide on the final draft of amendments to this Law.<br><b>TASK COMPLETED.</b>  |

Activity 2.5 – Revision of the Law on Public Procurement BiH (continued)	Work Plan Target Date	Current Estimated Completion	Notes
290. Training of municipal staff on public procurement procedures.	May '07	May '07	<p>Together with the FBiH municipal association, GAP organized seven trainings for municipal staff on public procurement procedures.</p> <p>Approximately 140 participants attended from 68 municipalities. Five trainings were organized for municipal staff in the RS at which approximately 110 attendees from fifty municipalities participated.</p> <p><b>TASK COMPLETED.</b></p>
<b>Activity 3.1 – Providing Policy Content for the Coordination Body of the Entity Associations of Municipalities and Cities</b>			
291. First meeting of the coordination body	Jul '06	Sep '07	<p>Delayed due to engagement of members of the coordination body in the pre-election campaign and internal reorganization of the FBiH Association. All mandates have expired and election of a new Presidency is expected in February. New Association Presidency was elected at the end of March 2007.</p> <p>Representatives of both municipal associations met during the Municipal Fair in June 2007 and agreed to hold this meeting at the Mayors Conference planned for late September in Banja Luka.</p>
292. Monthly coordination body meetings to design common reform strategy, advocacy for reform, and plan future steps other related activities	Jun '06	Sep '07	<p>The coordination body is the best vehicle for sustaining the work of PAB. The scope of work and organization is largely agreed. Coordination with VNG also agreed. See above.</p>
293. Conference of all BiH municipalities to address the policy issues raised by the inability to access municipal credit	Oct '06	Dec '06	<p>Conference conducted December 20, 2006.</p> <p><b>TASK COMPLETED.</b></p>
294. Coordination body retreat to intensively develop and vet reform scenarios	Dec '05	Sep '07	<p>See item No. 291 above.</p>
295. Second coordination body retreat to intensively develop and vet reform scenarios	Jun '06	Sep '07	<p>See item No. 291 above.</p>
<b>Activity 3.3 – Identifying and Serving Member Needs</b>			
296. Web site development and maintenance	Jun '06	Dec '05	<p><b>TASK COMPLETED.</b></p>
297. Establish the GAP Municipalities Forum	Sep '05	Jan '06	<p>Establishment of a GAP Municipalities Forum to allow inclusion of the second cohort partners. First meeting of Forum to be held at second cohort launch.</p> <p><b>TASK COMPLETED.</b></p>
298. Second meeting of the GAP Municipalities Forum	May '06	May '06	<p><b>TASK COMPLETED.</b></p>

<b>Activity 4.1 – Municipal Loan Preparation Technical Assistance</b>	<b>Work Plan Target Date</b>	<b>Current Estimated Completion</b>	<b>Task order modification No. 3 deleting this component was approved by USAID on May 4, 2007.</b>
299. Four municipalities identified during CIP training receive direct assistance on preparing loan application documentation	Sep '05	Dec '05	The GAP midterm evaluation report stated "...it is recommended that the training of municipal staff in loan packaging be suspended" unless the legal restrictions in the Federation are lifted. On February 17th the Municipality of Lopare requested approval from the RS Ministry of Finance for a \$1.5 million loan that was "packaged" with technical assistance from GAP. Lopare consummated a ten-year commercial loan in the amount of 613,550 Euro. <b>TASK COMPLETED.</b>
300. Distribution of loan preparation guide through the RC, MC and CIP training events to both I and ultimately II cohort municipalities	Aug '06	Dec '06	<b>TASK COMPLETED.</b>
301. Identifying and documenting of loan applications for projects that have gone through the CIP process	Aug '06	Aug '06	See item No. 299 and 300 above.

## Annex VI: Summary of GAP Training Events

Subject Area of Training	No. of Events	Tot. No. of Participants	Tot. Person-Days of Training
Citizen Service Centers	365	3,623	3,909
Urbanism	94	1,497	2,891
Financial Management	403	1,206	1,505
Procurement	39	787	787
Capital Improvement Planning	45	760	760
Participatory community development, grant management	46	563	563
Other Policy Training	15	219	473
Other Miscellaneous Training	18	149	191
<b>TOTALS<sup>44</sup></b>	<b>1,025</b>	<b>8,804</b>	<b>11,079</b>

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<sup>44</sup> Included in these training totals are 3,900 person-days of training in the use of the related application software systems (i.e. software training related to citizen service centers, financial management system, capital improvement planning, and urbanism).

In addition, these training totals include 2,100 person-days related to public participation in government.



## Annex VII: Activities Conducted by GAP During the Period September 16 to November 26, 2007

### Harmonization of Cantonal Laws on Local Self-Governance with FBiH Law:

### Status

To date, GAP has organized one joint meeting of cantonal ministries of justice, one meeting with the FBiH Minister of Justice, visited two cantons to discuss harmonization of their respective laws, and organized a conference on implementation of the FBiH Law. During the second extension period GAP would continue this activity, including the following actions:

- Visiting the remaining cantons in order to discuss their plans for harmonization of the Law. Assist them in choosing the best solution and potentially help them raise awareness within cantonal assemblies.

During September, GAP assisted Unsko-Sanski Canton Ministry of Justice in preparation of the proposal for the cantonal law on local self-governance and raising awareness of transfer of funds together with competencies.

In October, GAP visited the Ministry of Justice of Hercegovacko-Neretvanski (Mostar) Canton as well as Bosansko-Podrinjski Canton (Goražde) to discuss implementation of the Law on Principles of Local Self-Government in the FBiH through cantonal legislation.

GAP reviewed draft copies of local self government laws of Tuzla, Zenica and Sarajevo Cantons. Further activities need to follow, particularly in coordination from the FBiH level.

#### **TASK COMPLETED.**

- Additional meeting(s) with the FBiH Minister of Justice in order to define more clearly the role of the Ministry in coordinating the process of harmonization of cantonal laws.

GAP conducted a discussion with the Deputy Prime Minister who committed to organize a joint meeting with the FBiH Minister of Justice, FBiH Minister of Spatial Planning, FBiH Municipal Association and GAP in order to define the role of Ministries in the process of full implementation of the Law on Principles of Local Self-Government in FBiH through cantonal and other legislation.

- Organize a joint meeting between the FBiH MoJ and cantonal ministries in order to discuss further steps.

The meeting was not held due to the unavailability of the Minister (however, see above).

**Harmonization of Cantonal Laws on Local Self-Governance with FBiH Law (continued):**

- If possible within the timeframe - organize meetings of mayors within individual cantons in order to raise awareness and generate more pressure for harmonization of the cantonal LSG laws.

**Status**

Due to time constraints the meetings were not organized.

**Continue working with FBiH Ministry of Finance on:**

- Use of the revenue allocation reporting format, collection and proper entry of information from municipalities (might consider developing a database for managing all the information).
- Upload of information on revenue allocation on the Ministry website.

The Ministry of Finance has not yet hired personnel to work on reporting, and has not published the instruction that was prepared with GAP assistance.

The Website of the FBiH Ministry of Finance was updated and information pertaining to the implementation of the revenue allocation law was added to the site. The information includes review of single account revenues by municipality for each criterion and a detailed walk-through of the calculation methodology for both municipal and cantonal shares.

GAP assisted the Ministry of Finance in preparing a draft report describing the implementation of the revenue allocation law and its first year effects.

**TASK COMPLETED.**

- The issue of municipal debt.

The FBiH Law on Debt was adopted by the House of Representatives on September 25, 2007 and confirmed by the House of Peoples on October 18, 2007. Adoption included an amendment giving municipalities authority to borrow with a limitation that total debt service may not exceed ten percent of current revenues, providing more space for municipal debt than would have been the case under original provisions of the Law. **TASK COMPLETED.**

**Continue working with RS Ministry of Finance on implementation of the debt law:**

- Conduct a needs assessment.
- Define implementing legislation that needs to be adopted.

There was no communication with the Republic of Srpska Ministry of Finance through October 22, 2007.

### **Property issues/law on cadastre:**

- Maintain our contacts and continue discussion with the Surveying and Mapping Office of FBiH on amending the draft Law on Cadastre in order to maintain the municipal level of authority over cadastres.
- Organize a meeting between the Office Director and the municipal association.

### **Status**

Contacts maintained however Law has not been returned into procedure by the proponents.

The meeting could not be organized during this period due to workload of the association committees.

### **Law on concessions:**

- Continue working with the Association Committees, which have adopted a report on concessions drafted by GAP STTA.
- Ensure that the Association Presidency discusses and adopts the report and sends it to FBiH Government and Parliament.

Jointly with and fully funded by LGI Open Society, GAP organized a study tour to Hungary between October 23-27, 2007 on Managing Concessions and Municipal Property for mayors that participated in the work of committees, and FBiH parliamentary representatives.  
**TASK COMPLETED.**

The Association Presidency adopted the report on concessions on September 21, 2007 and will submit it to the FBiH Parliament and Government.  
**TASK COMPLETED.**

### **Follow-up on the conclusion of the Conference on Implementation of LSG Law in FBiH:**

- Define the role of the FBiH Ministry of Justice in coordinating implementation of the LSG Law.
- Promote coordination between the FBiH Government, Parliament, and Municipal Association, which will monitor implementation of the LSG Law.

The FBiH Minister of Justice was unavailable for the meeting during this period.

Representatives of FBiH Government, Municipal Association, and GAP met to discuss an official meeting of the coordination group for implementation of the Law on Principles of LSG.

In addition, the Association received several proposed legislative acts from the Government for consideration (Law on Tourist Association; Civil Service Law; draft law on Election, Mandate and Recall of Mayors). Relevant Association Commissions will forward conclusions to the Government. GAP was present at all related meetings organized by the Association.

## **Coordination Body of Entity Municipal Associations:**

- Meet with mayors who have been appointed as member of the Coordination Body in order to organize the first meeting of the Body.

## **Status**

A meeting was conducted with the FBiH Municipal Association Presidency, Mr. Ljubo Bešlić (Mayor of Mostar) who confirmed his support for activating the coordination body.

The first official meeting of the coordination body was held in Sarajevo on October 11, 2007. The Mayor of Sarajevo City hosted the meeting, which was attended by representatives of the two entity associations.

**TASK COMPLETED.**

## **Post-Evaluation of GAP grants program and implementation of community development projects:**

- Deliverable: Evaluation document which will include but not be limited to:
  1. Measurement of actual citizens' participation in project identification
  2. Measurement of physical results achieved. For example: number of kilometers of paved road, number of kilometers where water pipes were installed, and sewage system built etc.
  3. Measurement of economical - social results achieved. For example: trainings conducted - possible success stories which were direct result of the trainings, jobs created etc.
  4. Results from the phone/site visit survey on sustainability and use of the projects implemented through GAP grants program
  5. Statistics on operational implementation of the grants. For example: number of "no cost extensions" (comparison between first and second cohort, conclusion if any), number of budget modifications (conclusion of budget estimates and recommendations if any)

Aida Pajevic was designated team leader for this activity. Three meetings were held with Sanin Dzidic, M&E Officer to discuss the most suitable questionnaires for the survey, upon which the post evaluation document would be based.

Eleven different questionnaires were developed. Grants coordinators started conducting the surveys on September 24, 2007 with a deadline for survey completion of October 5, 2007.

Survey preparation and data collection phases were successfully completed. Data processing and analysis tasks should be completed by October 24, 2007 followed by preparation of a final report.

## **Improved Customer Profiles and Administrative Management Systems:**

## **Status**

- Prepare and hold four regional workshops on CSC work monitoring and improvements covering the following topics:
  1. Complaint procedure - assessment of use.
  2. Introduction of ISO quality management standards, and
  3. Procedural improvements in CSC operations.
- CSC Performance audit of the estimated six to eight, and potentially more CSCs, depending on assessment of usage of document tracking, registrar and info-desk software, use of software reports, challenges in daily operations of CSC and adherence to CSC Advisory board conclusions.
- Monitor the municipal web-site function, including regular updates, loading of all required materials, forms and other information. Field presence and assistance is required in the initial phase of this newly introduced activity, launched in July/August 2007.

Workshops conducted with citizen service center managers participating as follows:

October 2, 2007 Sarajevo  
October 3, 2007 Gradiška  
October 4, 2007 Mostar  
October 5, 2007 Živinice

### **TASK COMPLETED.**

Unannounced performance audits were conducted in Rogatica, Živinice, Vukosavlje, Mostar and Goražde during September 2007; and Nevesinje and Posušje during October 2007 with encouraging results. Few improvements discussed. Four to six more audits to be performed in the following weeks.

All eight GAP partner municipalities have active websites. The municipality of Vukosavlje required more intensive field presence and assistance, following which the Vukosavlje web page was successfully activated during the week of September 17 – 21, 2007.

### **TASK COMPLETED.**

## **Urban planning and Permitting:**

- Preparation and holding of a two-day workshop for both cohort municipalities (approx 80 participants) to discuss the following topics:
  1. Presentation of the final manual on setting up permit centers,
  2. Participatory urban planning, and
  3. Long-term strategies for reform on urban planning and permitting.

Workshop held October 17-18, 2007 in Vogošća. Nearly ninety participants attended including ten Mayors and representatives from most partner municipalities.

The final manual on improving permit procedures, including 11 best-practice annexes was presented and disseminated at the workshop.

### **TASK COMPLETED.**

## **Urban planning and Permitting (continued):**

## **Status**

- Because at a late stage GAP expanded the group of urban-pilot project municipalities there is a number of "late starters" which require intensive and continuous assistance in:
  1. Enhancing use of the newly implemented systems,
  2. Fostering work of the urban-permit Advisory boards,
  3. Monitoring work of the new permit centers,
  4. Assisting in opening of the remaining centers,
  5. Coaching in practical zoning preparation.
- Monitoring and assistance in use of GIS (i.e. creating of the database) and other urbanism software.
- Assisting the municipalities in preparing the urban planning-related items for the next-year budget preparation.

Consultations and instruction sessions on technical issues related to the permit centers and planning for next steps are being held in pilot and co-pilot municipalities.

A visit to the Travnik urbanism and cadastre staff took place on September 20, 2007 and to the City of Mostar on October 10, 2007.

Please see above.

The non-pilot municipalities that have planned to initiate urbanism reform will be provided guidance on next steps at the forthcoming workshop and during individual site visits.

## **Improved Transparency and Information Flows – Creating the Business-Friendly Municipality:**

- Follow-up on LED Strategy creation process, i.e. assistance in preparation of Municipal Council/Assembly resolution for the strategic activities,
- Completion of LED Strategy and socio-economic analysis, including preparatory activities such as draft statement of vision, strategic objectives or socioeconomic analysis,
- Monitor and fostering implementation of conclusions of the leadership round-tables

In Bužim, GAP suggestions and recommendations were included in the LED strategy to be presented at the next session of the Municipal Council.

In the Municipality of Vogošća, future steps for development of their LED strategy were defined with GAP assistance and a deadline for completion was fixed for December 2007.

On September 17, 2007, the Municipal Council of Čelić formally adopted their socio-economic profile. The information gathered for this profile had earlier been used to support a successful 30,000 KM grant application to the Federation Ministry for Trade, Development and Entrepreneurship. The grant will be used to develop four municipal business zones in Čelić.

### **Assessment and Installation of Integrated Accounting and Budgeting Software:**

- Monitor and assist in preparation of the 2008 Budget in IABS

### **Status**

Financial transactions are being executed and recorded in the IABS system in all partner municipalities (apart from Bihać - late starter, and Prozor-Rama, staffing problems). Vast majority of municipalities have started the 2008 budget preparation exercise in the system, and some municipalities have already prepared their 2008 budget proposals using the system.

Advanced features of the accounts receivable module are being effectively used in nine municipalities: the city of Mostar, Bugojno, Nevesinje, Gradiška, Mrkonjić Grad, Trebinje, Foča, Jablanica and Rogatica.

Seven municipalities: Srbac, Konjic, Kakanj, Prozor Rama, Čelić, Travnik and Bosansko Grahovo are progressing toward towards full usage of the advanced feature. GAP staff continues close monitoring and readily offers relevant assistance to the partner municipalities.

### **Human Resources Management and Human Resource Information System:**

- Monitor and assist in implementation of management consulting recommendations and continued follow-up the cases where new systematization has not been adopted.

Implementation of action plans related to GAP-initiated management consulting reports continues.

New or revised systemizations for Ljubuški, Goražde, Vlasenica, Kakanj, were prepared incorporating GAP recommendations.

Živinice and Vukosavlje drafted new systemizations and adoption is expected.

## **Capital Improvement Planning:**

## **Status**

- Follow up that the annual updating of the CIP document is in time for next year budget preparation, which includes, media campaign, gathering and scoring of proposals, etc.)
- Assistance in CIP adoption in the municipalities, which at later stage of the GAP 1 moved from CDPC to the CIP methodology. Assistance includes scoring proposals, multi-year financial forecast etc.,
- Continuous collaboration and coordination with the partner projects with which there is synergy in the CIP process (i.e. UNDP, OSCE).

Most of the twenty-four CIP partner municipalities are updating their plans for the next five-year cycle (2008-2012) to include newly proposed projects and new funding sources. Some are adopting multi-year plans for the first time.

## **Monitoring and Evaluation:**

- Quarterly PMP survey on performance indicators 1A-2 to 1A-4.
  1. Data collection preparation
  2. Data collection
  3. Data processing
  4. Data analyzing
  5. Reporting on survey

All tasks related to the 2007 third quarter performance monitoring plan survey have been accomplished and the results incorporated into the GAP Completion Report.

## **Completion of photocopying and shipping grant agreement documentation on completed grants:**

- Originals and photocopies of the complete documentation for over 200 grants must be prepared and shipped to DAI and AED in the United States. The extension period will allow GAP personnel to complete the task in-house avoiding a very costly outsourcing of photocopy services.

Photocopying of 200 grant files has been completed. Shipping will be scheduled to coincide with conclusion of GAP.