



Koninkrijk der Nederlanden



GOVERNANCE ACCOUNTABILITY PROJECT (GAP), PHASE II

TWELFTH QUARTERLY PROGRESS REPORT

For the period October 2010 through December 2010

Submitted January 21, 2011

This publication was produced for review by the United States Agency for International Development, the Swedish International Development Cooperation Agency, and the Embassy of the Kingdom of the Netherlands in Bosnia and Herzegovina. It was prepared by Chemonics International, Inc.

GAP

Excellence in Local Governance

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

GOVERNANCE ACCOUNTABILITY PROJECT (GAP), PHASE II

USAID Contract No.	168-C-00-08-00001-00
Sida Contribution No.	76003804
EKN Activity No.	15745

The authors' views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development, the United States Government, the Swedish International Cooperation Agency, the Swedish Government, the Embassy of the Kingdom of the Netherlands in Bosnia-Herzegovina, or the Government of the Kingdom of the Netherlands.

TABLE OF CONTENTS

LIST OF ACRONYMS.....	5
EXECUTIVE SUMMARY	7
ABOUT THE PROJECT.....	10
GAP'S LEGACY AND NEW MUNICIPALITIES.....	11
SIGNIFICANT EVENTS OF THE QUARTER.....	12
SECTION I – ACTIVITIES AND RESULTS	134
A. Local Interventions	14
B. Policy Interventions	28
C. Cross-Cutting Initiatives	30
D. Monitoring and Evaluation	31
E. Project Operations	33
SECTION II - PERFORMANCE CHALLENGES.....	35
SECTION III - REPORTS AND DELIVERABLES.....	37
SECTION IV - MAJOR ACTIVITIES PLANNED FOR NEXT QUARTER.....	39
ANNEX A – PERFORMANCE IMPLEMENTATION SCHEDULE AND PROGRESS	
ANNEX B – FINANCIAL REPORTS	

LIST OF ACRONYMS

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

SPIRA	Streamlining Permits and Inspection Regimes Activities, a USAID program
STTA	Short-Term Technical Assistance (or Short-Term Technical Advisor)
TA	Technical Assistance
TARA	Tax Administration and Reform Activity, a USAID program
TCN	Third country national
UI	Urban Institute
UNDP	United Nations Development Program
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women
UPP	Urban Planning and Permitting
UPC	Urban Permitting Center
USAID	United States Agency for International Development
VNG	International Cooperation Agency of the Association of Netherlands Municipalities
WG	Working group

EXECUTIVE SUMMARY

This quarter of GAP implementation was highlighted by the BiH General Elections. The elections presented several implementation challenges for GAP, particularly with respect to component 2 policy intervention activities. The prolonged timeframe that was needed for the formation of the new government made the timely implementation of some GAP activities more challenging. However, excellent progress has been made directly at the municipal level. Most notably, MAP implementation has been completed in most legacy municipalities.

Local Interventions

In this reporting period, 60 MAP projects were completed, resulting in improved urban permitting, increased IT management capacity, enabled document scanning and imaging, and increased satellite offices networked with CSCs. As a result, there were many opening events which served to celebrate and recognize the donors' contribution to the development of these communities. The MAP projects ranged from urban permit centers in Teslić, Breza, Doboј Istok, and Travnik to satellite office openings in the remote rural areas of Kakanj, Čelić, Rudo and Goražde to high-tech CSC upgrades in metropolitan areas such as Tuzla.

With 94.2 percent of all MAP projects in the legacy municipalities successfully completed by the end of the reporting period, an important milestone of GAP has been reached. Through MAP technical and material assistance, GAP has raised the capacities of 41 legacy municipalities to improve services to citizens and raise efficiency of their internal management. Out of 174 projects, ten will continue and be completed in the first half of 2011.

Another important project milestone was achieved this period; MAPs were adopted by the Municipal Councils and Assemblies of all 16 Cohort 4 municipalities. Now that action planning has been completed, these municipalities will begin receiving GAP's demand-driven follow-up assistance. Upon completion of the MAP process, we analyzed the material and technical assistance areas from the GAP catalog of services and identified which were most commonly selected by Cohort 4 municipalities. The following represent the areas with greatest demand: *Document Scanning and Imaging*, *Development of Electronic Library* (chosen by 14 of 16 municipalities), *Increasing IT Management Capacity* (12 municipalities), *Location Marketing* (8 municipalities), and *Electronic Urban Permitting* (7 municipalities). The adoption of the MAPs was achieved through a process of public participation and prioritization of municipal needs during which 1077 citizens became involved in public debate over the projects. Of particular note is the fact that nearly 50 percent of the citizens participating in the public debate (536 individuals), were women.

GAP has reached another important goal this period. The project provided the software necessary for the introduction of the treasury system in all 19 Federation BiH GAP municipalities: Bihać, Bosansko Grahovo, Breza, Čapljina, Drvar, Domaljevac, Fojnica, Iliđza, Kakanj, Livno, Kupres, Mostar, Olovo, Sapna, Travnik, Tuzla, Vareš, Visoko, and Živinice. These municipalities now have the necessary technical basis for treasury reporting, and many are among the most ambitious, committed, and proactive in the entire Federation BiH regarding introduction of the treasury system by the May 2011 deadline.

Under LI core assistance and MAP implementation, GAP organized a total of 75 trainings on the use of spatial database and GIS software, registry data processing and document tracking, program budgeting, own source revenue (revenue profiles), and the treasury feature of IABS. Training reached a total of 347 relevant municipal staff of which 60 percent (207 individuals), were women.

GAP's program budgeting trailblazer municipalities (Gračanica, Gradačac, Nevesinje, and Sapna) have incorporated the newly developed program budgets for select services and departments into their overarching 2011 budget plans. These municipalities intend to work

further on this methodology with the goal of having fully developed program budgets in the following years. The trailblazers shared their knowledge and experiences with their peers from other municipalities at three regional events held in early December in Sarajevo, Mostar, and Banja Luka.

On December 1, a USAID delegation from Budapest, comprised of Ms. Martha Aponte, RCO, Ms. Viktoria Hollosy and Ms. Agnes Tusjak, RCO Acquisition Agents, visited the Jablanica municipality to discuss the sustainability of their completed projects. Municipal representatives explained how they identified their needs and garnered citizen input in the process of selecting which GAP-supported projects to pursue. They also confirmed their commitment to and ownership of the completed projects, minimizing concerns of sustainability following GAP close-out.

This period also presented an opportunity to see the immediate impact improved capital improvement planning can have on a municipality. Two years ago, heavy rains flooded the Prozor-Rama municipality. The flooding caused damage to public and private property and infrastructure, with an estimated damage total of 350,000 BAM. A state of emergency was declared. At the time of the flooding, GAP and the municipality were working on finalizing their first municipal CIP. Water management and flood prevention activities were proposed by six different groups of people, and a project entitled “Regulation of the Prozorčica Stream and Construction of the Sewage System” was selected by the CIP coordination team as the top investment priority. The project was implemented in cooperation with GAP and the Cantonal Ministry for Agriculture, Water Management and Forestry. Because of the GAP-supported CIP, for the first time in years, Prozor-Rama was able to successfully withstand heavy rains without flooding. Prozor-Rama officials praised the project as a complete success and noted its citizens no longer have to worry about annual flooding.

Policy Interventions

The GAP policy interventions component continued work on activities specified in the Third Year Work Plan. One of the major tasks involved drafting and advocating for key legislation, namely the Vital Records legislation and the FBiH Law on Employees in Local Self-Government. The Vital Records legislation is very significant for BiH, and while it was on the agenda of the Parliamentary session during this reporting period, unfortunately it was not discussed during that session. GAP Policy staff, together with the Municipal Association and Civil Service Agency, participated in a conference and agreed on the draft FBiH Law on Employees in LSG.

The GAP policy team continued to work with BiH experts on data gathering for the analysis of revenues in the Republic of Srpska (RS). Joint efforts by GAP and the Municipal Association to address the FBiH Code on Inter-Governmental Relations were successful, with the specific Code Annexes being developed during this reporting period. Furthermore, there has been positive movement on GAP’s efforts regarding the RS Code. Other activities included financing reform in Sarajevo City and the Ministry of Finance’s successful collection of documents from all Cantons regarding revenue analysis.

Monitoring and Evaluation

The fifth Municipal Capacity Index (MCI) measurement shows a significant increase in ratings among GAP municipalities. GAP legacy municipalities increased their MCI composite rating score from 52.6 to 68.1 points, an increase of 29.5 percent.

Cohort 3 municipalities increased their rating to 63.3 points (a 5.9 point jump) in the last six months, effectively doubling their MCI score compared to the baseline registered in April 2008. Cohort 4 municipalities maintained the largest average increase in capacity, jumping

more than twelve points in the last six months. Their new rating of 53.3 points represents a 90 percent increase compared to the baseline in April 2009 and exceeds the average baseline for legacy municipalities. By comparison, the control group of municipalities increased their MCI score by one point.

The highest MCI scores were recorded in Banja Luka (84 points) and Novo Sarajevo (81 points) while the lowest scores were recorded in Kneževo (44 points) and Kostajnica (45 points). The largest increases in MCI ratings in the last six months were recorded in Čapljina and Grude, both raising their scores by 18 points.

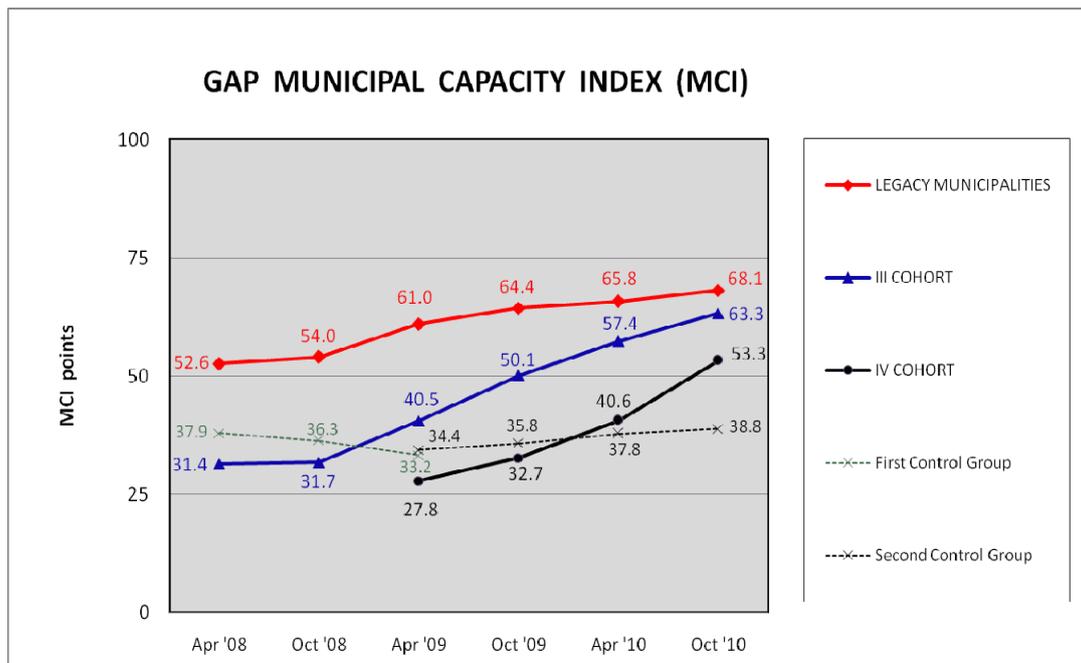


Figure 1- Latest MCI findings – October 2010

Project Operations

Four staffing changes occurred during this reporting period. Three positions were terminated, including a Project Administrator in Mostar, a Senior Driver in Sarajevo, and the Interpreter/Communications Officer. Furthermore, the Senior CSC Manager position was scheduled to be reduced to part-time as of January 15, 2011.

The operations team assisted in the organization of several workshops in December including a program budgeting seminar in Sarajevo, three regional workshops in Sarajevo, Mostar, and Banja Luka, and a CIP capacity building workshop in Sarajevo.

The GAP Tuzla office moved to a smaller office space at the end of December, and redundant office furniture and equipment is slated for donation (pending donor approval) to the Kladanj municipality, a MAP project recipient.

ABOUT THE PROJECT

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

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

To achieve these objectives the project is comprised of two major components: *Local Interventions* and *Policy Interventions*. The Local Interventions component provides direct technical and material assistance to 41 legacy and 31 new partner municipalities to improve municipal service delivery, improve administration, and budgeting and financial management, and to improve municipal capacity to administer capital improvement projects. The Policy Interventions component works primarily through the two associations of cities and municipalities to provide technical assistance to parliamentary bodies and ministries at the state, entity, and cantonal levels of government. This component works to strengthen intergovernmental communication, promote responsible fiscal and functional decentralization, and improve municipal advocacy. Supporting these two major components are *Cross-Cutting Initiatives*, including efforts to increase municipal borrowing, develop a consultancy market, and promote gender equity in municipal governance. A robust, performance-based *Monitoring and Evaluation* system, including periodic surveying of citizen attitudes and rigorous analysis of municipal capacities, ensures that GAP is measuring progress towards its objectives.

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

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

GAP'S LEGACY AND NEW MUNICIPALITIES

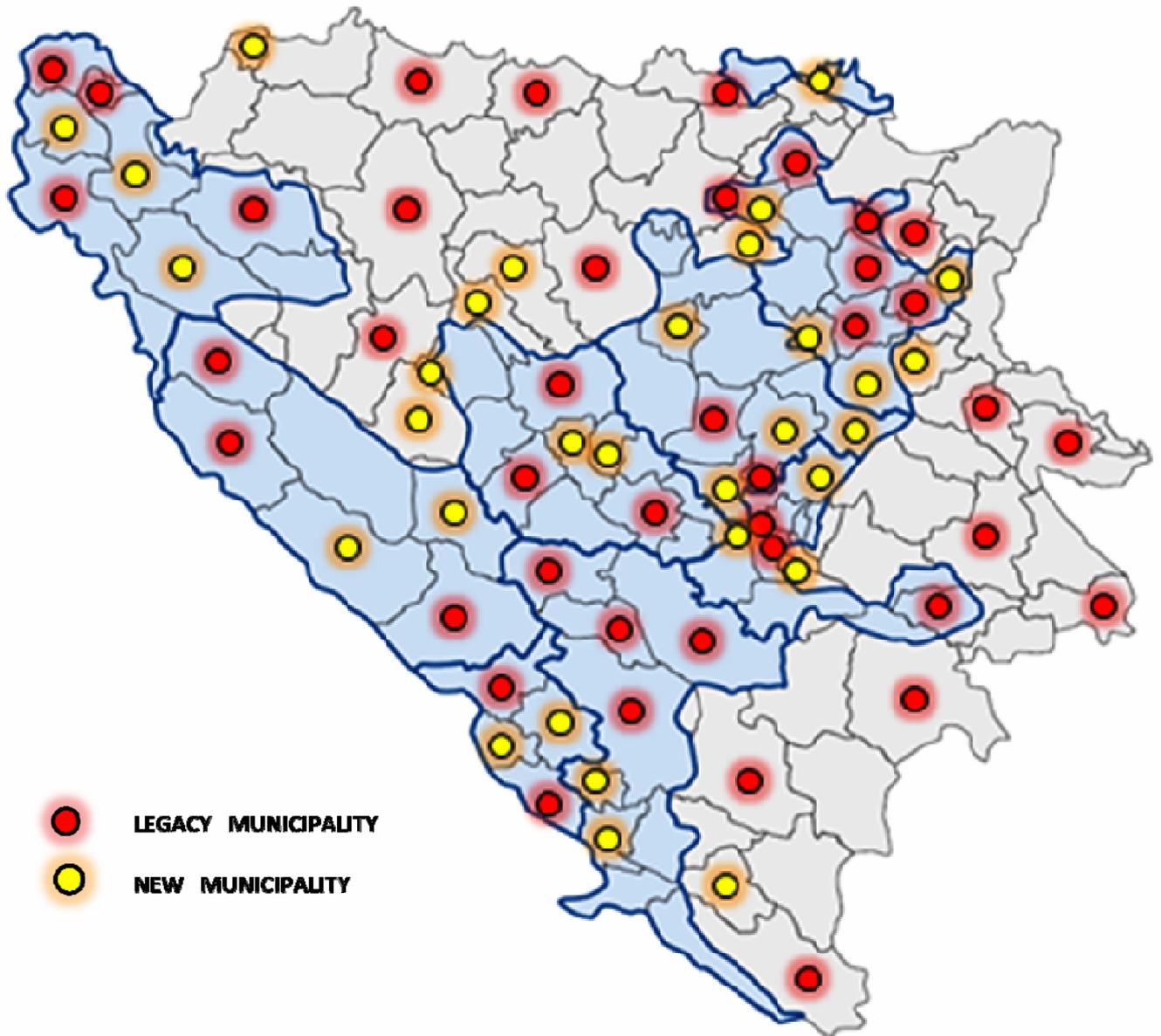


Figure 2 - GAP Partner Municipalities

SIGNIFICANT EVENTS OF THE QUARTER

LOCAL INTERVENTIONS:

- MAP ADOPTIONS IN ELEVEN MUNICIPALITIES: NOVI TRAVNIK, ŽEPČE, BOSANSKA KRUPA, KOSTAJNICA, KOTOR VAROŠ, VITEZ, GRUDE, KUPRES, LJUBINJE, DOMALJEVAC-ŠAMAC, AND ŠEKOVIĆI (see pages 18-21)
- MAP PROJECT INAUGURATIONS IN NINE LEGACY MUNICIPALITIES: KAKANJ, GORAŽDE, ČELIĆ, TUZLA, TESLIĆ, TRAVNIK, BREZA, RUDO, AND DOBOJ ISTOK (see pages 15-18)
- 12 OCTOBER, SARAJEVO REGIONAL WORKSHOP ON “EXCHANGE OF BEST PRACTICES FOR SCANNING AND DIGITALIZATION PROJECT” (see page 22);
- 15 NOVEMBER, SARAJEVO, 1ST WORKSHOP ON ADVANCED PROGRAM BUDGETING FOR PILOT MUNICIPALITIES (see page 27);
- 1 DECEMBER, USAID DELEGATION FROM BUDAPEST VISITED JABLANICA MUNICIPALITY (see page 8);
- 2 DECEMBER, SARAJEVO, 2ND WORKSHOP ON ADVANCED PROGRAM BUDGETING FOR PILOT MUNICIPALITIES (see page 27);
- 6 DECEMBER, SARAJEVO, REGIONAL SEMINAR ON PROGRAM BUDGETING AND LOCAL GOVERNMENT (see page 27);
- 7 DECEMBER, MOSTAR, REGIONAL SEMINAR ON PROGRAM BUDGETING AND LOCAL GOVERNMENT (see page 27);
- 9 DECEMBER, BANJA LUKA, REGIONAL SEMINAR ON PROGRAM BUDGETING AND LOCAL GOVERNMENT (see page 27);
- CAPITAL PROJECT OPENING CEREMONIES IN ELEVEN MUNICIPALITIES: BUGOJNO, GORAŽDE, ROGATICA, BREZA, ČELIĆ, VUKOSAVLJE, SREBRENICA, TESLIĆ, MRKONJIĆ GRAD, AND BOSANSKO GRAHOVO (see page 28);
- 20 DECEMBER, CAPACITY BUILDING TRAINING FOR COHORT 4 MUNICIPALITIES IN IPA FUNDS, MONITORING AND EVALUATION OF PROJECTS, AND PROCUREMENT (see page 29).

SIGNIFICANT EVENTS OF THE QUARTER

POLICY INTERVENTIONS:

- SEVERAL WORKING GROUPS DESIGNED TO DRAFT DIFFERENT ASPECTS OF THE CODE. GAP AND THE MUNICIPAL ASSOCIATION WORKED ON THE SPECIFIC CODE ANNEXES (see page 30);
- SPECIFIC CODE ANNEXES WERE DRAFTED AND ARE BEING REVIEWED BY THE FBH MUNICIPAL ASSOCIATION (see page 30);
- THE RS CODE WORKING GROUP BEGAN WORK ON THE CODE ON INTERGOVERNMENTAL RELATIONS (see page 30);
- VITAL RECORDS LEGISLATION WAS ADOPTED BY THE FBH GOVERNMENT AND FORWARDED TO PARLIAMENTARY ADOPTION (see pages 30-31);
- THE "REVIEW COLLECTION AND STRUCTURE OF SHARED REVENUES IN RS" PROJECT IS ON SCHEDULE AND ANALYSIS HAS BEEN PRODUCED (see page 31);
- ACTIVITIES COORDINATED WITH OSCE, MINISTRY OF JUSTICE, AND BIH CIVIL SERVICE AGENCY REGRADING THE CONTEXT OF THE FBH LAW ON EMPLOYEES IN LSG (see page 31);
- MEETING HELD IN SARAJEVO CITY REGARDING THE NEED TO REFORM CITY FINANCING (see page 31);
- MINISTRY OF FINANCE FINISHED THE COLLECTION OF DOCUMENTS FROM THE CANTONS FOR REVENUE ANALYSIS (see page 31).

MONITORING AND EVALUATION:

- CONDUCTED REGULAR SEMIANNUAL P-BMP AND MCI SURVEY. REPORT SUBMITTED TO JMC (see pages 33-34).

SECTION I – ACTIVITIES AND RESULTS

A. LOCAL INTERVENTIONS

Municipal Action Plan (MAP) Process

MAP implementation in legacy municipalities came to a close at the end of 2010, and as a result, there were numerous MAP inaugurations held during this reporting period. A summary of the most significant openings, listed chronologically, is provided below:

On October 14th, the opening ceremony of the “Brnjic” satellite office was held in Kakanj. The Ambassador of Sweden, Mr. Bosse Hedberg, was present at the opening, together with USAID and Sida representatives. The Mayor of Kakanj, Mr. Mensur Jašarspahić – Suri, emphasized that the project accomplished principles of modern local governance stating, “now it’s *data that travels instead of the citizens*”. The opening ceremony was attended by approximately 200 citizens from surrounding municipalities.

On October 19th, the opening ceremony of the “Berič” satellite office was held in Goražde. GAP support the equipment of the satellite offices in the remote communities of Ilovača, Sadba, Vitkovići, and Berič with ADSL connections, connecting them with the CSC, which provides information to citizens via brochures and leaflets as well as easy on-line access to the central registry databases. The Ambassadors of Sweden and the Kingdom of The Netherlands in Bosnia and Herzegovina, as well as the Deputy Ambassador of the United States attended the ceremony. Prior to the opening ceremony, all of the guests visited the CSC and UPC and expressed their satisfaction with the progressive development of citizen service improvement. Media coverage for the event was excellent; an event report was broadcast on Federation television “News” and the Bosansko-podrinjski Canton TV station.

On November 18th, two completed MAP Projects were inaugurated in the Čelić municipality – “Networking Satellite Offices with the CSC” and “Document Scanning and Imaging, Development of Electronic Library”. By networking the satellite offices in Šibošnica, Humci and Vražići, around 5,000 citizens of these remote communities will have easier access to municipal administrative services. The inauguration was one of the highlights of the annual “Days of the Čelić Municipality” held November 12-19. The Mayor of Čelić, Mr. Sead Muminović, highlighted the importance of GAP projects in small municipalities like his and gave thanks for the support received from all of the GAP projects. Among the guests were the Mayors of Sapna, Teočak, and Banovići, the Federation of BIH Minister for Transport and Communication, and many other cantonal and municipal representatives.

On November 22nd, two MAP projects in the Tuzla municipality – “Building Capacity for Vital Records Sharing” and “Document Scanning and Imaging, Development of Electronic Library” – were inaugurated by Ms. Aller Grubs, acting USAID mission Director, and the Mayor of Tuzla, Mr. Jasmin Imamović.



Figure 3 - Mayor Imamović greets GAP donors

At the inauguration ceremony, guests walked through the CSC where new equipment was recently installed to enable up to 2,000 citizens to be provided administrative services on a daily basis. *Tuzla Internet Portal* (www.tip.ba) recorded Mr. Imamovic, stating on November 22nd: “*Nobody has supported us as much as USAID and Sida have. The citizens’ service center receives up to 2,000 people daily, and the new equipment cuts down the wait time for service in the*

center. It also guarantees that the delivery of appropriate service is timely. Everything is processed through an electronic system - you get a piece of paper with the estimated wait time for certain services and you can simultaneously follow all of the activities on the screens." Mayor Imamovic mentioned that during past years, concrete results were achieved through GAP in the Tuzla municipality. "Among other things, a new citizens' center was opened, the forum on economic development of Tuzla was supported, new capital investment funds methodology was implemented, the budget and finance department received modern accounting software, and several concrete capital investment projects were granted by GAP. Municipal employees went through several trainings per international standards, information technology of the municipality is significantly improved..." said the mayor.

On November 29th, the **Teslić** municipality organized a ceremonial opening of the UPC with the presence of the Dutch Ambassador H.E. Sweder van Voorst tot Voorst. The Dutch Ambassador was primarily focused on the economic situation of Teslić, stating that the Dutch Embassy is proud of the results achieved through GAP. The Mayor, Mr. Savo Kasapović, also stated: "I have to take this opportunity to express sincere gratitude to the GAP staff for the successful and fruitful cooperation that brought significant contribution to Teslić both in citizen services improvement and in capital projects implementation. So far, we have implemented four capital projects with GAP, and we believe that this cooperation will continue in the future as well." The Dutch Ambassador with USAID and SIDA representatives also visited the CSC that was established in this municipality in 2006.



Figure 4 - November 29th 2010, Modernized UPC in Teslić,



Figure 5 - November 29th 2010, Ribbon-cutting in Teslić

On December 1st, the MAP opening of the satellite office in Nova Bila and presentation of the GIS in the UPC took place in Travnik. The Ambassador of Sweden, Mayors of Breza and Fojnica, CSC and urbanism staff from Novi Travnik, Vitez, Kakanj, Ilidža, Vareš, Visoko, and Breza, and representatives of the utility companies (who are members of the Urbanism Advisory board) attended the ceremony. All guests took a tour of the Nova Bila satellite office and attended a GIS demonstration in the Permit Center. Larger municipalities such as Travnik benefit greatly from the establishment of CSC satellite offices which extend citizen access to critical government services.



Figure 6 – December 1st, 2010, Mayor of Travnik Mr. Tahir Lendo and H.E. Ambassador of Sweden Mr. Boose Hedberg formally opened the Satellite Office in "Nova Bila"

On December 7th, the opening of the UPC was held in Breza. The Mayors of Travnik and Vogošća, as well as urbanism staff from Vareš, Visoko, Travnik, Vogošća, and Kakanj, and members of the Urbanism Advisory Board attended the UPC opening and joined for the tour of the water-purification plant constructed with co-financing from GAP's Capital Investments Project. Breza's television station covered the news.

On December 16th, the ceremonial opening of the satellite office (MZ) Štrpca in the Rudo municipality was held. The ceremony was attended by the Ambassador of Sweden and local community representatives. Difficult weather conditions deterred many GAP partners from attending the event, including media representatives. Prior to the opening ceremony, Ambassador Hedberg visited the Permit Center to learn about the progress made on the *Improved Urban Permitting – Complexity Level 2* project. The Ambassador expressed his satisfaction with the developments made in order to expedite urbanism services to the citizens of Rudo. Satellite Office "Štrpca" is very important for the municipality since it is 14 km away from the municipal building and there is no frequent public transportation. There are around 1,100 citizens that are covered by the services of this satellite office.

municipal building and there is no frequent public transportation. There are around 1,100 citizens that are covered by the services of this satellite office.



Figure 7 – December 16th 2010, H.E. Ambassador of Sweden Mr. Boose Hedberg visiting the newly opened CSC in Satellite Office "Štrpca"

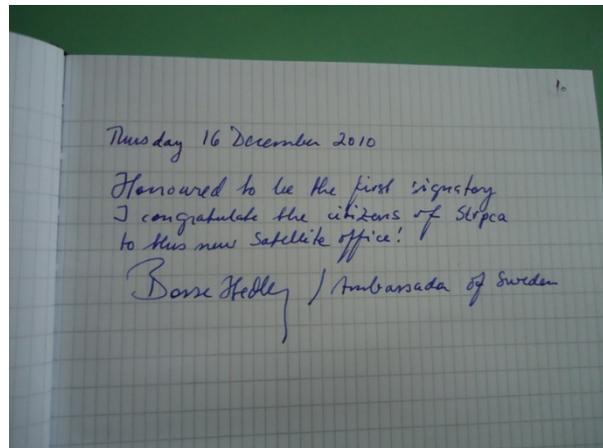


Figure 8 - H.E. Ambassador of Sweden Mr. Boose Hedberg's message in an impression book

On December 20th, the inauguration ceremony was held in Dobož Istok, marking the successful completion of all MAP projects in the municipality. Through an advanced package of technical and material assistance from GAP, the Dobož Istok municipality created a concise three-year Municipal Action Plan to further advance municipal administration and provide citizens' services. During the implementation of the MAP, a group of municipal employees went through comprehensive training on Project Cycle Management from project identification to evaluation.

The Doboj Istok municipal administration is operating in two locations: in Klokotnica, where the majority of the administration is located, and in Velika Brijesnica, where the existing Department for Spatial Planning and satellite office with registry data is located. Connecting the field offices with the central administration building has made municipal services available for citizens within their local communities. Additionally, the new scanning and digitalization ability enables faster electronic document exchange between different municipal departments.



Figure 9 - Entrance to the Doboj Istok Urban Permit Center

appropriate professional training, Doboj Istok officials significantly improved their urban planning services. This includes the ability to easily locate a desired area for proposed construction for a new business or buildings of different purposes, measuring of all geographical data available in the database, and making faster decisions on what can be built in agreement with an investor. Additionally, the urban planning department went through a comprehensive training on zoning and regulatory planning preparation in order to keep in pace with the new law on urban planning.

The most significant assistance within Doboj Istok's MAP assistance projects was the opening of the new urban permit center. With modern equipment based on GIS coupled with

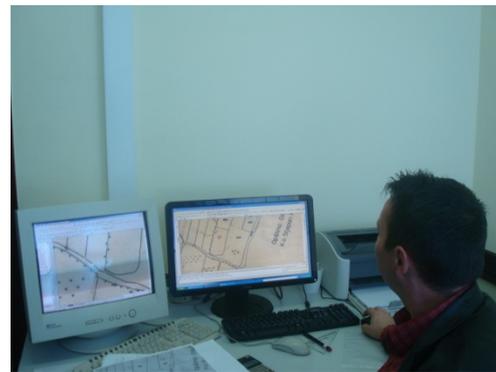


Figure 10 - New urban permit center in Doboj Istok with digitalized spatial data

Adoption of MAPs in Cohort 4 Municipalities

MAPs were adopted in 11 Cohort 4 municipalities during the reporting period. These municipalities now meet all prerequisites to start the implementation of follow-up assistance. Upon completion of this task, we identified the following as the most in-demand areas of technical and material assistance from GAP's Catalogue of Services:

- *Document Scanning and Imaging, Development of Electronic Library* (selected by 14 out of 16 municipalities);
- *Increasing IT Management Capacity* (12 municipalities);
- *Location Marketing* (eight municipalities);
- *Electronic Urban Permitting* (seven municipalities);
- *International Standards in Project Proposal Development* (five municipalities); and
- *Introduction to the Instrument for Pre-accession Assistance (IPA), Preparation and Implementation of Local Environmental Action Plan (LEAP) and Improving permitting for Legalization of illegal settlements* (four municipalities each).

Adoption of MAPs in Cohort 4 municipalities were the result of public participation and the prioritization of municipal needs. A total of 1,077 citizens were involved in public debate over the priority of MAP projects, of which 50 percent, or 536, were women.

The following is a chronological summary of the MAPs adopted during this reporting period:

On October 7th, a MAP was unanimously adopted in the municipality of Novi Travnik with the following priority projects identified: *International Standards in Project Proposal Development, Location Marketing – Development of a Plan for Attracting Investments, Public Utilities Services Improvement, Improving Permitting for the Legalization of Illegal Settlements*, and *Document Scanning and Imaging, Development of Electronic Library*. Public input was conducted through CSC and MZ (Local Community) surveys. A total of 109 citizens were interviewed, out of which 50 were female.

On October 12th, the Žepče Municipal Council unanimously adopted their MAP, which consists of the following projects: *IT Administrator Training-Non-Material Assistance, Document Scanning and Imaging, Development of Electronic Library, Email Connection Between Municipal Employees and Citizens, Electronic Urban Permitting- Complexity Level 2, Increasing IT Management Capacity*, and *Material Assistance*. The public survey which preceded the MAP adoption covered 100 citizens (46 women) surveyed randomly in the Žepče CSC.

On October 21st, a MAP was adopted in the Bosanska Krupa municipality. The Municipal Council unanimously adopted the final MAP document with the following priority projects identified: *Improve Permitting for the Legalization of Illegal Settlements, Networking Satellite Offices with the CSC, Increasing IT Management Capacity, Software Licensing Program*, and *Medium Term Budget Development*. The MAP Working Group used public debate and administered a citizen survey to collect the opinions of citizens, the business community, representatives of the Local Communities, councilors and other stakeholders. The survey was administered to a total of 46 citizens, of which 16 were women.

On October 26th, a MAP was adopted in the Kostajnica municipality. The Municipal Council adopted the final MAP document with the following priority projects identified: *Document Scanning and Imaging, Development of Electronic Library, Electronic Urban Permitting-Complexity Level 2, Establishing and Equipping of the Municipal Unit for Managing Development, Increasing IT Management Capacity*, and *Development of Partnership for Increasing EU Funds Absorption Capacity*. The MAP Working Group used public debate and citizen survey to collect the opinions of citizens, the business community, representatives of the Local Communities, councilors and other stakeholders. The survey covered a total of 76 citizens, of which 39 were women.

On October 26th, a MAP was adopted in the Kotor Varoš municipality. The Municipal Council unanimously adopted the final MAP document with the following priority projects identified: *Establishing and Equipping of the Municipal Unit for Managing Development, Document Scanning and Imaging, Development of Electronic Library, Increasing IT Management Capacity, Networking Satellite Offices with the CSC*, and *Location Marketing – Development of a Plan for Attracting Investments*. The MAP Working Group used public debate and citizen survey to collect the opinions of citizens, business community, representatives of the MZ, councilors and other stakeholders. A total of 57 citizens were involved, out of which 26 were women.

At the session held on October 27th, the Municipal Council in Vitez unanimously adopted their MAP for 2010-2012, which consists of the following five priorities: *International Standards in Project Proposal Development, Increasing IT Management Capacity, Document Scanning and Imaging, Development of Electronic Library, Location Marketing – Development of a Plan for Attracting Investments*, and *Improving Permitting for the Legalization of Illegal Settlements*. Public input was conducted through the CSC, the MZ, focus groups, and web-based surveys. A total of 56 citizens were interviewed, out of which 23 were female.

On October 27th, a MAP was adopted in the Grude municipality. The following priority projects were identified: *Introduction to the Instrument for Pre-Accession Assistance (IPA), Location Marketing, Increasing IT Management Capacity, Improving Planning and Permitting by Department Organization, and Document Scanning and Imaging*. The MAP priorities were determined in a focus group meeting held on October 5th, in which four members of the public and four members of the municipal administration actively discussed municipal priorities and took part in the decision making process. Three of the eight participants were women.

On the same day, a MAP was adopted in the Kupres municipality. The Kupres Mayor composed a focus group of seven members: three municipal employees, three citizen representatives (of which one woman) and the Mayor. The following priority projects were identified as municipal priorities: *Applied Public Procurement, Introduction to the Instrument for Pre-Accession Assistance (IPA), Advanced Zoning Methodology, Electronic Permitting Model 2, and Document Scanning and Imaging*.

Following successful resolution of internal political challenges, the Municipal Assemblies of the three remaining Cohort 4 municipalities convened during the reporting period and unanimously adopted their MAPs, as follows:

On November 15th, the Domaljevac Municipal Assembly adopted their MAP document. Their priorities are as follows: *Increasing IT Management Capacity, Project Cycle Management, Document Scanning and Imaging, Electronic Urban Permitting - Complexity Level 2, and International Standards in Project Proposal Development*. The working group conducted a survey in the CSC, which was completed by 100 citizens, 47 of which were women.

On November 25th, a MAP was anonymously adopted in the municipality of Ljubinje, where the following priority projects were identified: *Document Scanning and Imaging, Development of Electronic Library, Increasing IT Management Capacity, Introduction to the Instrument for Pre-Accession Assistance (IPA), Project Cycle Management, and Software Licensing Program*. Public opinion research was conducted in August with 70 participants, of which 36 were women. The polling took place at the CSC and in the MZ in Ljubinje.



Figure 11 – November 30th 2010, Municipal Assembly in Šekovići

Finally, on November 30th, the Šekovići Municipal Assembly adopted their MAP, which consists of the following 5 projects: *Location Marketing – Development of a Plan for Attracting Investments, E-mail Connection between Municipal Employees and Citizens, Document Scanning and Imaging, Development of Electronic Library, Preparation and Implementation of Local Environmental Action Plan (LEAP) and Increasing IT Management Capacity*. The working group conducted a survey in the CSC which was completed by 51 citizens, 25 of which were women.

Implementation of MAP Projects in Legacy and Cohort 3 Municipalities

Completed MAP Projects - Summary

Out of 174 projects, 164¹ (or 94.2 percent) have been completed to date. In this reporting period, 60 projects were completed:

- *Advanced Zoning and Planning Methodology* in Bosansko Grahovo, Drvar, Ljubuški, Mrkonjić Grad, Travnik and Vukosavlje.
- *Increasing IT Management Capacity* in Živinice, Doboj Istok, Tomislavgrad and Tuzla.
- *Document Scanning and Imaging, Development of Electronic Library* in Bosansko Grahovo, Bužim, Foča, Fojnica, Jablanica, Kakanj, Mrkonjić Grad, Posušje, Prozor-Rama, Travnik, Trebinje, and Tuzla.
- *Networking Satellite Offices with CSC* in Goražde, Novo Sarajevo, Tomislavgrad, Travnik, and Rudo.
- *Electronic Urban Permitting* in Bosansko Grahovo, Bugojno, Bužim, Breza, Čelić, Doboj Istok, Goražde, Gradačac, Jablanica, Kalesija, Ljubuški, Nevesinje, Posušje, Prozor-Rama, Rogatica, Rudo, Sanski Most, Teslić, Tomislavgrad, Travnik, Trebinje, Velika Kladuša, Vukosavlje, Vlasenica, and Vogošća.
- *Improving Planning and Permitting Function by Department Reorganization* in Drvar, Posušje, Novo Sarajevo and Vogošća.
- *Improving Permitting for Legalization for Illegal Settlements* in Živinice.
- *Processing of Digital Cadastre Plans* in Sanski Most.
- *Improvement of the Cadastre Unit* in Drvar.
- *Public Utilities Improvement* in Bugojno.

Out of the 174 various MAP projects in legacy municipalities, 10 projects remain to be completed:

- *Improving Permitting for the Legalization for Illegal Settlements* in Bosansko Grahovo, Gradiška, Ljubuški, Posušje, Srbac, Velika Kladuša, and Vogošća.
- *IT Capacity Project* in Breza, Rudo, and Kakanj.

Regarding MAP implementation in Cohort 3, the following projects have been completed in the reporting period: *Internal Communication* in Bosanski Petrovac and *Public Utilities Improvement* in Ribnik, which brings us to total of seven completed MAP projects to date (out of 62).

¹ The previous, 11th Quarterly Report contained an error in the sum of the to date completed projects where total of 106 projects completed to date was stated wrongly, instead of 104. Namely, Rudo and Goražde – were counted as completed, while in reality that was not the case in the 11th reporting quarter. We apologize for this error.

Completed MAP Projects – Detailed Information

In addition to the information provided above regarding the ceremonial openings of MAP projects, the following is the most significant update regarding MAP projects completed during this reporting period:

- On October 12th, a workshop on “Exchange of Best Practices for Scanning and Digitalization Project” was held in Sarajevo with a total of 16 people present (of which 10 were women). From the reported achievements and newly adopted practices, and from GAP’s field visits, it can be concluded that Travnik, Foča and Kakanj have successfully implemented the project *Document Scanning and Imaging, Development of Electronic Library*.
- The same MAP project has been completed successfully in Posušje, Jablanica and Prozor, with performance audits held on October 27th. The municipalities were able to perform the scanning of all received files at the audit, without any reported problems.
- The MAP projects were completed in Trebinje, Foča, Tuzla, Kakanj, Travnik, Fojnica, Mrkonjić Grad, Bosansko Grahovo, and Bužim. All municipalities have successfully launched the digitalization process and have all received successful performance audits.
- The MAP assistance package *Networking Satellite Offices with the CSC* has been completed in Tomislavgrad with the following satellite offices networked with the central office: Raško Polje, Šuica, Mesihovina and Prisoje. The purchase of additional Data Nova licenses is completed and software was delivered to the networked offices. The total number of citizens served by those four satellite offices is 6,441.
- The MAP project *Improving Permitting for Legalization of Illegal Settlements* has been completed in Živinice with the delivery of permitting and legalization software and trainings being successfully completed. The municipal staff is now able to more efficiently manage the processing of legalization requests and the storing of multi-layered information.
- GAP organized a total of 23 training sessions (19 on-site and 4 on-line) on the use of document tracking and registry data processing programs. A total of 68 municipal staff (of which 42 were women) attended.
- Within the MAP project *Improvement of Planning by Urbanism Department Reorganization*, GAP assisted the municipalities of Novo Sarajevo, Posušje, Vogošća and Drvar with the goal to increase efficiency and effectiveness and customize services in the Municipal Departments for Urbanism and Cadastre² through providing advice on organizational and human resource improvements. Assistance included analyzing the relevant municipal documents, on-site visits and staff interviews. The last step was the final report presented to the Mayor and key staff. Following the presentations, all municipalities delivered very positive feedback, illustrated by the letter sent on December 13th by the Mayor of Posušje, Mr. Petar Polić, emphasizing that: “*the report is one more high quality project implemented by GAP in our municipality...we believe that there are many good recommendations that*

² In some of the municipalities, urbanism department is a sector – sub department within the framework of the Rulebook of Internal Organization and Systematization of working places in the municipality. Depending on the municipal internal organization, Department for Urbanism might be a Department for Urbanism, Spatial Planning, Cadastre and Housing.

are also applicable to other departments besides urbanism and cadastre". In addition, the Drvar municipal Head of Department, Mrs. Brankica Milaković, sent a letter to GAP stating that: "The municipality of Drvar fully accepts the Urbanism Department Management Consulting Report because it is prepared so professionally. We are satisfied with the analysis of the existing situation in the department, as well as the recommendations for department reorganization and proposals for by-laws".

- Regarding the MAP project *Increasing IT Management Capacity*, the multi-module training course in IT management has been completed in Tomislavgrad, Doboj-Istok, and Živinice while the training is still ongoing for the participants from Breza, Rudo, and Kakanj. The municipal staff is regularly reporting on the progress made and the exams passed after the completion of every training module.
- In Bugojno, the assistance in *Public Utilities Services Improvement* has been completed successfully with the introduction of GIS software to the municipal Department for Communal Services. The communal infrastructure of the Bugojno town area is now entered in the GIS database, and production of a catalogue of communal services is under way.
- GAP has successfully completed the MAP assistance in upgrading the process for issuing municipal urban permits, or *Electronic Urban Permitting*, in Bosansko Grahovo, Bugojno, Bužim, Breza, Čelić, Doboj-Istok, Goražde, Gradačac, Jablanica, Kalesija, Ljubuški, Nevesinje, Posušje, Prozor/Rama, Rogatica, Rudo, Sanski Most, Teslić, Tomislavgrad, Travnik, Trebinje, Velika Kladuša, Vukosavlje, Vlasenica, and Vogošća, and additionally in *Advanced Zoning and Planning Methodology* in Bosansko Grahovo, Drvar, Ljubuški, Mrkonjić Grad, Travnik, and Vukosavlje.

The municipalities have collected detailed information on selected test areas including the latest geodetic plans with information on the communal infrastructure in use and planned (collected from external organizations through the UPC advisory board). The municipalities also collected digitalized regulatory plans (zoning) of the test area, which includes the zoning codes, which are linked to the spatial data. Based on the collected materials, GAP was able to deliver on-site coaching. The following has been achieved as a result of this assistance:

- Based on data from the Master Plan, zones were defined and zoning plans finalized for the selected test area
- Based on several models of zoning tables presented, text of the plan was defined and zoning tables developed with data on the formed zones, districts, and plots. The tables are in form and consistent with the format of urban conditions
- Working groups for urban planning and GIS specialists inserted graphic and alphanumeric data into the database.
- Finally, the test area was transferred into GIS and applied it to the creation of a zoning plan

The last mentioned result - application of GIS in preparing the Zoning Plan of the test area – consists of various subcomponents including:

- Factorization of the cadastral base for the test area and the formation of attribute database;



Figure 12 - Travnik architect presents Urban Permit Centre's GIS features to the Ambassador of Sweden

- Defining the layer of zones and formation of the database, structuring the database according to the table and urban-technical parameters;
- Creating a standard form for all zoning approvals to be issued in the future;
- Analysis of the digital spatial-planning documentation on the server;
- Drawing of the zones and joining of the attribute (zoning) tables.

Without exception, all of the municipalities have demonstrated good will and excellent cooperation. GAP's main goal has been to set new parameters and to establish a new system of thinking when it comes to planning documentation and its implementation.

Lessons learned:

- The pilot project (zoning test area) is a catalyst for all future planning documents. The concept of zoning principles should be used in establishing the terms of reference of new planning documents (i.e. when ordering the plans from the authorized urban planning institutes).
- The zoning plan pilot project has defined the basic elements of zoning which should widen with the analyses of natural and built environments, the evaluation of buildings and facilities, detailed regulations of public space (traffic, infrastructure, green zones, protected zones, public administration, water regulations etc.), relation with the higher level of urban and space documentation, etc.
- These considerations have to be included in the new methodology for planning and adopted by the professional public, with exception to the ministries. Understanding the capacity levels in the Republic of Srpska and the Federation, beyond technical and material assistance, remains the key. The results and achievements of GAP's assistance should be used as the base material for the official methodology of planning in BiH.
- It would be very useful for professional institutions and individuals with licenses in planning to be included in educational sessions on zoning. These groups would include students from the Architecture and Civil Engineering Colleges. The education system should support and develop the methodology of planning.
- Education in zoning and GIS should be continued in all municipalities, as it is a long process which has started very successfully with GAP's support. As a result of GAP's assistance, the staff of urbanism departments have more knowledge than their colleagues from the institutions of urban planning or higher tiers of government.

On 15 December, the Government of the Federation BiH passed amendments to the Regulation on Methodology of Development of Planning Documentation. The Regulation is a sub-legal act regulating implementation of the FBiH Law on Spatial Planning. The amendments introduce the zoning plan as the primary type of detailed spatial plans (the other types being the regulatory plan and the urban planning documentation). Drafted in part

with assistance from GAP, the amendments provide a detailed description of the contents and methodology of application of the zoning plan. This formal introduction of zoning into the legal system will simplify and streamline the process of urban planning and permitting, thus stimulating development, investments, and the real estate market. Since 2005, GAP has promoted the principles of zoning and trained staff of municipalities, ministries, and urban institutes in zoning, so this represents a major success for the project. As a result of this assistance, GAP partner municipalities are now equipped with the knowledge needed to start applying this important new regulation, and thus be on the cutting edge of application of zoning in practice in BiH. Last year, a new Law on Spatial Planning introduced zoning in the RS as well, while adoption of the detailed methodology on zoning is still pending.

Since the beginning of implementation of the 55 urbanism-related MAP projects in 32 legacy municipalities, GAP has procured and delivered spatial databases, GIS software, and GPS equipment, all worth more than one million BAM. Furthermore, 96 trainings were held (including 75 on-site) on the use of spatial databases and GIS software for 396 participants (of which 158, or 40 percent, were women). During this reporting period, GAP organized a total of 28 trainings (of which 23 were on-site) on the use of spatial data-base and GIS software for 57 municipal staff (of which 28 were women).

On December 7th, Vogošća municipal representative Mr. Admir Merdžanović gave a statement to the Vogošća TV station, stating: “*the municipality is using zoning principles developed on the test area with GAP with the aim to streamline permitting as much as possible....before this process, investors didn’t even know where to start from...today, investors can immediately get any information related to urbanism and construction*”.

Five MAP projects which were completed earlier have received their formal certification at the political level during this reporting period: The Municipal Assemblies of Vlasenica and Vukosavlje adopted their Local Environment Action Plans (LEAP) on November 4th, Rogatica Municipal Assembly adopted their LEAP on November 29th, Foča adopted theirs on November 30th, and Travnik on December 8th. As stated in earlier reports, GAP assisted the municipalities in completing these LEAP documents. The municipalities went even further and performed public debates on the documents. The municipalities established LEAP Working Groups for implementation which have been tasked to report on

LEAP project implementation. After this process was completed, coordinators encouraged municipalities to send the documents to be officially adopted by the Municipal Councils. This self-initiative illustrates the sustainability and ownership of GAP interventions by the municipalities.

Progress continued in the implementation of MAP projects in 15 Cohort 3 municipalities. Out of a total of 62 MAP Projects, seven have been completed to date. The following two MAP projects were completed during this reporting period:

- As a result of the *Public Utilities Improvement* training conducted during the visit to the Ribnik municipality on November 22nd and follow up support, the *Public Utilities Improvement* project was completed. The municipality produced a Catalogue of Services and is conducting a survey on citizen satisfaction with the listed services.
- The *Internal Communication* project was completed in Bosanski Petrovac. During the visit to the municipality on November 23rd, GAP analyzed their internal communication strategy within their draft communication strategy and proposed some changes. The reviewed document was finalized and is to be adopted at the next Municipal Council session.

Ribnik has signed an MoU with UNDP for the development of LEAP, which was formerly part of the MAP SOW signed with GAP. To avoid overlap, GAP will not be assisting the municipality in this area.

Cohort 4 municipalities are undergoing a detailed needs assessment to support implementation of recently adopted MAP projects. The equipment and activity schedules will be composed in the Scopes of Work, which will be signed and sent to donors for approval early next reporting quarter.

Improving Service Delivery in Legacy and New Municipalities

During this reporting period, GAP conducted the second CSC Performance Audit in the following Cohort 4 municipalities: Šekovići (on October 1st), Žepče (on December 19th), Kotor Varoš (on December 13th) and Olovo (on December 23rd). While the CSCs demonstrated excellent performance, opportunities for improvements have been identified particularly regarding the frequency of use of the document tracking software. Improvements have been agreed on with the municipal staff.

Also during this reporting period, GAP met with the company “Lanaco”, a RS Government contractor, to discuss collaboration in view of the RS Government plan to centralize vital records in the RS (*as discussed in more detail at the page 34 of this report*).

Regarding GAP’s assistance in urban permitting to Cohort 4 municipalities, the UPC Advisory Boards have met and established links to other institutions and governmental processes. Furthermore, critical amounts of maps and data were collected from communal service providers and higher tiers of the government, which served as the basis for the final on-site coaching by GAP. As a result, in addition to the fully functioning UPC, each partner municipality produced a zoning plan for the selected test area.

This reporting period also saw the continuing development of non-administrative services in the seven trailblazer municipalities: Foča, Travnik, Gračanica, Srbac, Gradiška, Bugojno, and Trebinje. In all participating municipalities, data was collected regarding non-administrative services and small scale customer satisfaction surveys were performed. In the second half of October, GAP delivered trainings and needs assessments involving a total of 24 municipal employees (of which 13 were women). These assessments established that the municipalities did not have sufficient information on non-administrative services at their CSC information desks. In response, they agreed to produce a catalogue of services as well as conduct a small scale customer satisfaction survey. A Catalogue of Services has been completed so far in Trebinje, Foča, Travnik, Srbac, and Gračanica, while Gradiška and Bugojno will publish their catalogues early next quarter.

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

Following a successful testing phase in the pilot municipalities Tuzla and Bužim, GAP delivered IABS treasury applications (Finova XP Trezor) to 19 GAP partner municipalities: Bihać, Bosansko Grahovo, Breza, Čapljina, Drvar, Domaljevac, Fojnica, Ilidža, Kakanj, Livno, Kupres, Mostar, Olovo, Sapna, Travnik, Tuzla, Vareš, Visoko, and Živinice, reaching an important project goal of providing the necessary software prerequisite for the introduction of the treasury system to the municipalities in which GAP provided IABS. In the RS, planned testing of IABS treasury started in the Foča municipality. Municipal officials expressed their willingness to use the software on a daily basis even though they are not officially required to introduce treasury operations yet. GAP delivered on-site training on the new features of IABS for a total of 87 municipal staff (of which 58 were women).

A set of regional workshops for the IABS user groups was organized for the Una-Sana Canton municipalities as well as the Drvar and Bosansko Grahovo municipalities on October 13th; for the Tuzla region on October 27th; for the Sarajevo region on November 4th and the Mostar region on November 23rd. Of the total 76 participants, 51 were women. IABS provider Itineris presented the developed treasury software solution, which has been incorporated into the latest version of IABS. GAP partner municipalities have been very active in expressing their concerns regarding the regulations and organizational issues linked to the introduction of the treasury, given the upcoming deadline. It was suggested that these issues should be addressed with the Association of Municipalities and Cities of FBiH and the Ministry of Finance.

Following the distribution of the *Municipal Budget Guide* Chapter on Program Budgeting in September, GAP has provided training in the practical application of the chapter at three regional seminars on program budgeting, held on December 6th in Sarajevo, December 7th in Mostar and December 9th in Banja Luka. A total of 77 participants (of which 40 were women) from 50 municipalities were present. GAP used the three regional events to also present and discuss the results of the *Municipal Revenue Profile* updates. UNIFEM and UNICEF also shared their presentations on gender- and youth-sensitive budgeting, raising awareness on these important aspects of program budgeting. The municipalities expressed their interest in the continuous monitoring of their revenue collection, especially the consolidation of the data from all GAP municipalities within one entity, which may provide them with relevant comparison data.

In regards to offering direct assistance in program budgeting to the trailblazer municipalities, GAP organized two workshops on November 15th and December 2nd in Sarajevo for the program budgeting team representatives from Sapna, Gradačac, Gračanica, and Nevesinje. The participants took an active role in the development of program budgets in their municipalities and have worked hard to obtain relevant data, coordinate with other departments and define inputs and output of various selected services. A total of 10 municipal representatives (of which seven were women) have been trained at each of these events.

Lessons learned:

- GAP trailblazer municipalities Sapna, Nevesinje, Gradačac, and Gračanica are the first ones with experience in this methodology and are willing to share it with others. BiH municipalities have no experience with this type of budgeting in practice, or even theoretically.
- The Heads of Finance in the Gračanica and Gradačac municipalities stressed two things: a need for education of all municipal employees in program and performance budgeting, and the fact that nothing can be achieved by a municipal administration without unreserved support and understanding of the process by all municipal employees. Furthermore, the importance of defining a standard for each municipal post was mentioned as an important prerequisite for successful implementation of the program budgeting methodology.
- At the same time, the Sapna municipality emphasized the importance of mapping all municipal processes and a clear definition of its inputs and outputs prior to performance budgeting. They indicated a need for legal regulation of the process at local governments and recognized this approach as an excellent tool for establishing more responsive and interactive budgets.

- The head of the finance department in the Nevesinje municipality articulated a need for a clear legal definition of the segments of municipal work which are more suitable for program budgeting, as opposed to performance budgeting or even traditional budgeting. She also stressed that program budgeting is the best possible tool for establishing a clear connection between municipal budget investments, municipal strategic goals, priorities of the local community, and its financial constraints.
- After work with five trailblazer municipalities, we may conclude that it is evident that the theoretical program budgeting concept (up until now used only in a limited scope in higher governmental levels) has not been adjusted and standardized for the municipal level. It can, however, be used with significant adjustments and changes in the understanding of budget planning and execution of it by major municipal stakeholders.

The trailblazer municipalities incorporated their newly developed program budgets into their budget plan for 2011 for selected services (MC/MA materials are ready in Sapna, Gradačac, and Gračanica while Nevesinje is about to include the MA materials for the next session) and are informing the municipal councilors and citizens of their intention to work further on this methodology with an aim to have fully developed program budgets in the following years.

Based on the earlier defined criteria for gender-sensitive budgeting, and following the assessment done during and after the December regional seminars, GAP has selected Nevesinje and Gračanica as trailblazer municipalities for the gender-sensitive budgeting initiative. GAP will focus its efforts on training their municipal teams on gender- and youth-sensitive budgeting with assistance of UNIFEM. Two training sessions will be held in January and February 2011. Furthermore, GAP has established contacts with both gender action centers and will coordinate efforts with them.

GAP selected four trailblazer municipalities for the production of a graphical overview of their respective expenditure sides of the Budget Plan for 2011: Mrkonjić Grad, Travnik, Trebinje, and Gračanica. Each municipality provided their councilors and citizens with additional information that will increase their understanding of the budget and hopefully provoke well-founded questions and suggestions. With GAP's assistance, the municipalities were able to incorporate a graphical presentation of their budgets. The Trebinje municipality, however, has yet to finalize their draft municipal budget, a prerequisite for producing the expenditure pie-chart.

Increasing Capacity of Municipalities to Administer Capital Improvement Projects

All but four capital projects from Cohorts 1 and 2 municipalities (excluding Mostar) have been completed. Capital project opening ceremonies were held in Bugojno, Goražde, Rogatica, Breza, Čelić, Vukosavlje, Srebrenica, Teslić, Mrkonjić Grad and Bosansko Grahovo.

It is significant to note that the Nevesinje municipality was finally able to pay their cost share and the project "Road to Kalufi Nevesinje" is now ready for administrative close out.



Figure 13 – CIP Opening ceremony in Mrkonjić Grad – Kindergarten – November 2010



Figure 14 – CIP Opening ceremony in Bugojno – Social Welfare Center – December 2010

As mentioned in previous months' reports, the Vogošća Municipality has not been able to follow the implementation schedule for both projects co-financed by GAP due to limited municipality funds. The GAP COP met with the new acting mayor of Vogošća, Mr. Edin Smajić, on December 2nd and has informed the municipality of the extension of both projects until May 30th, 2011. NCEs for both projects were approved by the donors.

Furthermore, construction work on most projects in Cohort 3 municipalities has been going faster than planned.



Capacity Building Training was held in Sarajevo on December 20th, covering three topics: IPA, Monitoring and Evaluation and Procurement. Representatives from all Cohort 4 municipalities were present.

During this reporting period, CIP establishment and procedures for Cohort 4 municipalities have been completed and are now ready for adoption. Some problems could arise in the Grude municipality as a result of tensions between the mayor and CDPC. If the decision is not adopted in December, the Capital Project Manager will request a meeting with the council president to resolve the conflict.

Several meetings were held with officials from Mostar concerning the extension which the mayor of Mostar is seeking from GAP donors. Upon approval from the donors, GAP will start working with Mostar on project proposal preparation.

Finally, a capacity building training was held on December 20th covering the following topics: IPA, Monitoring and Evaluation, and Procurement. Representatives from all of the Cohort 4 municipalities attended the training.

B. Policy Interventions

Introduction

During this reporting period, the GAP policy team continued work on the activities specified in the Third Year Work Plan. One of major tasks was to work on key legislation through drafting and advocacy. The highest priorities were the Vital Records legislation and the FBiH Law on Employees in Local Self-Government. The efforts from the policy side in regards to the FBiH Law on Employees in LSG were very significant.

GAP continued to work with BH Experts on gathering data and analyzing revenues in RS. The activities regarding the FBiH Code on Inter-Governmental Relations were successful, with GAP and the Municipal Association working on the specific Code Annexes. Also, GAP has started working on the RS Code. There was also progress in regards to finance reform in Sarajevo City. Finally, the Ministry of Finance has finished the collection of documents from the Cantons for revenue analysis.

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

The activities surrounding the FBiH Code on Inter-Governmental Relations were very successful. Several working groups were designed to draft different aspects of the Code while GAP worked with the Municipal Association in drafting the specific Code Annexes. The working groups were tasked with drafting the following aspects of the Code: general relations with higher levels government, fiscal policy, and municipal resources. Each Annex had the goal to position the local self-government with the higher levels of Government and to create a certain level of sustainability. For example, the fiscal policy annex was drafted to position municipalities within the FBiH public finance system and to satisfy the needs of municipalities in the area of public finance. The Annexes are currently being reviewed by the FBiH Municipal Association and will be officially presented to the new FBiH Government once it is formed.

Work on the RS Code also continued, as the working group met in Banja Luka on November 18th. After much discussion, it was concluded that the members of the working group would draft specific recommendations and present them at the next meeting. Furthermore, the RS Municipal Association will contact their members for feedback. Lastly, the working group will explore the possibility of engaging an expert for the purpose of supervising the drafting process. To date, the RS Municipal Association has sent the questionnaires to their members and will organize the next meeting once the questionnaires have been returned.

Improving Inter-Municipal Communication

As a result of the constant lobbying and advocating from GAP, the Vital Records legislation has been adopted by the FBiH Government and forwarded to the Parliament for adoption. The legislation was forwarded to the Parliament as an urgent procedure and appeared on the agenda for the October session. Unfortunately, it was not discussed due to the low number of Parliament representatives and Ministers, as well as their lack of will to discuss the matter. The legislation will now wait for the formation of the new Federal Government. This, however, did not stop GAP from advocating further. The Vital Records issue has been incorporated into the unofficial document/platform, which upon formation of the new Federal Government might become official government stand.

Policy Initiatives to Operationalize the Local Self-Governance Development Strategy

The "Review Collection and Structure of Shared Revenues in RS" project has managed to remain mostly on schedule. BH experts visiting Banja Luka examined and analyzed the financial data entered into the database by junior consultants as well as current legislation and discussed alternative methods for allocation. This was followed by a meeting, held on October 26th and 27th, which was attended by two junior consultants from the RS Association of Cities and Municipalities and a BH expert. At the end of the meeting it was agreed that the BH experts would prepare a report by November 19th that would provide a review of the work done so far and suggest an allocation model. The BH Experts finalized the report, which will play a large role in GAP's new tasks for 2011, which includes drafting the RS Law on Financing LSG.

In regards to the revenue research in the Federation of BiH, the Ministry of Finance has finished collecting the documents from the Cantons for revenue analysis. An employee in the Fiscal department is tasked with doing the first pass of the laws and bylaws and with extracting relevant data for the analysis. Unfortunately, the process of gathering documentation took much longer than expected, and the Fiscal department had to follow up with Cantons in order to gather more documents. We expect this task to be finalized in January 2011.

Sarajevo Financing

GAP participated in a meeting held in Sarajevo City regarding the need to reform city financing. The meeting was aimed to set the stage for the working group on finance, which will have its first meeting in January. The documents gathered at the meeting (including those provided by GAP) will be shared among the group beforehand. The group is expected to provide insight into current expenditures made at the Cantonal level regarding the functions that are to be decentralized to the local level and to provide ideas and models on the financing of those functions once they are decentralized.

Regarding the FBiH Law on Employees in LSG, GAP coordinated activities with OSCE, the Ministry of Justice, and the BiH Civil Service Agency. This resulted in a conference which was held on December 6th and 7th that discussed proposed legislation with all relevant stakeholders at different levels of government. The conference was highly successful with working groups proposing solutions. The Civil Service Agency was very grateful for GAP and the FBiH Municipal Association for their involvement in drafting this legislation. The group concluded that this legislation must be one of the top priorities for the new FBiH Government.

C. Cross-Cutting Initiatives

Improving the Environment and Capacity for Municipal Borrowing

There are several obstacles in BiH when it comes to municipal borrowing through commercial lending institutions or bond issuance, including the BiH market's slow recovery from the world financial crisis. Commercial lending institutions are extremely reluctant to make any new loans to municipalities due to the unstable credit situation. The municipalities are often not in a position to borrow for capital projects as they have already made significant cuts in their own budgets that typically focus on capital improvements. Despite these obstacles, some municipalities such as Tomislavgrad and Foča have proceeded with their own borrowing innovations. Only one of the legacy municipalities selected *Creditworthiness and Capacity to Borrow* from the available choices for MAP assistance, and no municipalities from Cohort 3 or 4 have selected this option, thus demonstrating a lack of interest in this particular activity. Although introducing municipalities to private credit sources and blended financing arrangements would be beneficial, the required enabling environment does not currently exist.

Developing a Market for Consulting Services

The formation of the consultancy database has continued with a few new potential experts registering in the database each month. The consultancy database is accessible through the websites of the Association of Cities and Municipalities. Full transfer of ownership of the database to the Associations has been discussed with 's Capacity Development of the Municipal Associations (CDMA) project which was recognized as a vehicle for transferring

the ownership of this activity (subject to approval of the Associations). Consequently, this activity has been incorporated into the project's Work Plan for 2011³.

Promoting Gender Equity in Municipal Governance

In line with the cooperation agreement, UNIFEM and UNICEF have contracted budget experts who provided technical assistance for GAP's partner municipalities, raising awareness on gender and youth budgeting at the December regional program budgeting workshops. They also assisted in selecting the trailblazer municipalities and will, as outlined in our work plan, provide on-site assistance during 2011 for two pioneering municipalities (Nevesinje and Gračanica) focusing on gender budgeting. This cross-cutting activity has merged with the Local Interventions Activity on program / gender budgeting in the Fourth Year Work Plan.

D. Monitoring and Evaluation

The fifth P-BMP and MCI Regular Survey was conducted in October 2010 and covers the period of April 1, 2010 - September 30, 2010. The majority of GAP technical staff participated in the data collection. Significant amounts of data were collected. The data were analyzed, processed, and reported by the GAP M&E Director.

In general, the surveys show a continuation of the progress we have come to expect across all GAP activities. The project SOW has very clear expected results/deliverables for each GAP component and several of them are expected for the end of the third project year.

Component One, Local Interventions, Expected Results/Deliverables, specifies the following:

- 1) **By the end of year three of the project, the legacy GAP "41" municipalities shall demonstrate substantial improvements in areas such as service provision, public utility management, financial management, human resource management, capital planning and procurement. Targets for each municipality shall be defined individually in municipal action plans. Legacy municipalities will register on average a 15% composite improvement in Municipal Capacity Index scores.**

The final MCI survey for legacy municipalities showed that the composite average MCI rating was increased by almost 30 percent to the level of 68.1 points. Based on the findings from P-BMP, GAP legacy municipalities significantly increased their efficiency in providing municipal services as measured by the Municipal Services Efficiency Index. Cohort 1 municipalities increased their efficiency by two and a half times, while Cohort 2 municipalities increased their efficiency by 50 percent. Waiting time for municipal services was reduced; however, for some types of services like issuing vital records, waiting time was reduced to 4-5 minutes or five times the average as compared to the baseline. At the same time, the number of complaints on municipal issues was reduced by 27 percent, while the percentage of complaints resolved increased from 26.2 percent to 48.3 percent (an increase of 22 points). This displays significantly improved accountability of local governance among legacy municipalities. In addition, external factors further support these results, such as citizens recognizing improvements in the legacy municipalities. The attitudinal surveys showed that citizens' satisfaction with municipal services delivery increased by almost fifteen percent while general satisfaction has reached eighty percent.

³ For more, please see CDMA Inception Report, pg. 13

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

The last MCI survey for 15 Cohort 3 municipalities showed that the average MCI rating has doubled compared to the baseline survey in April 2008, increasing to 63.3 points. They have also increased their efficiency in providing municipal services (as measured by the Municipal Services Efficiency Index) by 41 percent. Waiting time for issuing vital records was reduced to eight minutes, eighteen times below the baseline. At the same time, the number of complaints on municipal issues was reduced by 11 percent, while the percentage of complaints resolved was increased from 32.7 percent to 46.5 percent (an increase of 14 points), which displays significantly improved accountability of local governance among these municipalities. In addition, citizens have recognized improvements happening in these municipalities. The attitudinal surveys showed that citizens' satisfaction with municipal services delivery was increased by more than eleven percent and general satisfaction is on the level of eighty percent, the same as among legacy municipalities.

- 3) **By January 2011, an additional 15 new municipalities will have achieved core service delivery and financial management performance targets bringing them to the average level of the legacy GAP municipalities in the Municipal Capacity Index. New municipalities will demonstrate superior service delivery in a series of objective measures, including reduced waiting times, efficiency improvements and improved financial management. The second group of new municipalities will register on average a 20% composite improvement in Municipal Capacity Index scores by January 2011.**

The last MCI survey for 16 Cohort 4 municipalities showed that the average MCI rating was increased by 90 percent compared to the baseline survey in April 2009, now equaling 53.3 points, which brings these municipalities above baseline level of legacy municipalities. These municipalities have increased their efficiency in providing municipal services as measured by the Municipal Services Efficiency Index by 38 percent. Waiting time for issuing vital records was reduced to 15 times below the baseline and is now below eight minutes. At the same time, the number of complaints on municipal issues was reduced by 26 percent, while the percentage of complaints resolved was increased by seven points. The next attitudinal survey will show citizens' perceptions about improvements done in these municipalities.

In addition, GAP opened 72 CSCs and 86 CSC satellite offices in partner municipalities. Fifty-eight GAP partner municipalities have implemented capital improvement plans using CIP methodology, which is 10 more than targeted for 2010. Fifty-three GAP partner municipalities have installed IABS treasury software, which enabled more efficient and transparent budget planning and implementation.

However, the world economic crisis has had devastating effects on the municipal budgets in Bosnia and Herzegovina. After two years of very successful results related to the budget performance indicators, the last year's findings showed a dramatic drop in results for these performance indicators. Details can be found in the P-BMP and MCI Regular Survey Report - November 2010, which has already been submitted to donors.

E. Project Operations

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

Staff Departures: Three long-term staff members from the operations team have received a three month notice of termination of their employment in accordance with Chemonics notice policy: Elma Schuster, Project Administrator in Mostar and Muhidin Pašanović, Senior Driver in Sarajevo will finish their employment on January 15th. Nikica Lubura–Reljić will work part-time from November 1st and will finish her employment on March 31st. The Project Administrator's logistics duties in the Mostar office will be shared between the remaining team members in the GAP Mostar office. Finance/accounting tasks will be covered by GAP Sarajevo finance staff. Duties of the senior driver will be taken over by the HR & Office Manager. Ahmed Sijerčić, Senior CSC Manager, will start working part-time from January 15th. The number of GAP staff at the end of December is 34 (26 professional staff and 8 support staff).

Restructuring: Vlasta Perla, HR & Office Manager has been assigned a MAP card on Department Restructuring together with Zlatan Musić. They successfully finished the project before December 31st, 2010.

Recruitment and Hiring: Additional LoE has been approved for the existing zoning specialists (Senada Demirović-Habibija, Brankica Milojević and Zehra Morankić) and two GIS specialists (Dragan Todorović and Nedreta Kikanović). STTA for program budgeting (Haris Čatić) has been approved in October for ten LoE.

On-going STTA Assignments: All of the eight on-going STTA assignments were completed by December 31st, 2010.

GAP events coverage: The GAP Translator/Communication Officer attended several openings of CIP and MAP projects: Kakanj, MZ Brnjic (October 14), Goražde, MZ Berić (October 19), Rogatica (November 15), Vukosavlje (November 23), Bugojno (November 24), Teslić (November 29), Nova Bila/Travnik (December 1), Mrkonjić Grad (December 2), Bugojno (December 9), and Bosansko Grahovo (December 10). She prepared stories about these events and posted them on our web site (<http://www.bihgap.ba/engleski/novosti/index.asp>).

Trainings & Workshops: The administration team supported regional program budgeting workshops in Sarajevo, Mostar and Banja Luka with a total of 92 participants and a CIP capacity building regional workshop in Sarajevo with 43 participants.

Travel: The total mileage for this reporting period was 33,575 kilometers, which comprises a total of 762,191 kilometers from the beginning of this phase of the project.

Procurement: The operations team performed a thorough review of procurement policies and procedures for legacy municipalities for administrative close-out at the end of December.

Office move: The Tuzla office moved to a new location which is in the same office building as the Tuzla FARMA project offices. This move enabled significant savings in rent.

In addition, the operations team performed a thorough review of over 100 procurement files to ensure that all documents are properly filed. Also, inventory lists for legacy municipalities

have been updated and compared to scopes of work and procurement files. These lists will be submitted to donors for approval of donation during the administrative close out of MAP activities of legacy municipalities.

SECTION II - PERFORMANCE CHALLENGES

During this reporting period, GAP has learned that the Government of the Republic of Srpska has initiated a project for vital records centralization at the entity level. The RS Government envisions a centralized system where all municipalities will connect daily using a web interface. This means that “Datanova” may not be used once this system is in place. All data would be kept at the Ministry data warehouse with off-site copies stored in either Sarajevo or Trebinje. GAP immediately established contact and met with the company “Lanaco”, contracted by the RS Government to implement the hardware and software data storage solution for the project. GAP learned of the plans regarding the creation of a database and user interface for the Ministry. “Lanaco” anticipates that the Ministry will also ask them to create some kind of interface to convert data from the three major existing software applications currently in use in RS (one of which is GAP’s “Datanova”). GAP presented the achievements over the years and offered insight into what problems they might incur during implementation of this project. “Lanaco” is well aware of the existence of “Datanova” and GAP’s accomplishments in this area, having had a chance to visit some GAP municipalities and see the system in action. In order to minimize the losses and utilize to the maximum extent the significant achievements of GAP’s partnership, “Lanaco” agreed to continue sharing information with GAP regarding what they are doing and request our assistance if necessary. However, they pointed out that all decisions - many of them political - are made by the Ministry without much room for compromise.

Varying levels of absorption capacity of key staff as well as the existing preconditions for the sophisticated interventions in urban permitting resulted in varying levels of success and quality of the final product in the Cohort 4 and legacy (MAP) municipalities. In addition, the necessary preconditions, such as the availability of planning documentation, varied significantly. For instance, some municipalities had urban plans (the most detailed type of planning) while others had only a spatial plan (the most general development plan, with no land classification etc.). Land registry and cadastre information also varied – some municipalities did not possess the digital cadastre layer while other municipalities lacked the updated georeferencing. GAP overcame this problem by producing analogue forms (using transparent paper to match geodetic and cadastre layers).

In order to stay within limits of funds currently available for MAP activities, a number of procurements have been deferred and will be realized later than originally planned. This has caused delays in the completion of certain aspects of the urbanism-related MAP projects in the legacy municipalities, which therefore cannot be closed by the end of the year. In particular, there is a delay in the completion of the legacy MAP projects *Improving Permitting for the Legalization for Illegal Settlements* due to the postponement of the procurement of permitting and legalization software. Given that a very large percentage of projects have reached completion by the end of the year, this should not be considered a major setback. This procurement freeze for hardware, software, LAN and equipment has also interrupted the groundwork for implementation of various MAP projects in Cohort 3. This situation, however, should not cause any serious challenges regarding major Work Plan deadlines.

In three legacy municipalities (Breza, Rudo, and Kakanj) the MAP projects in *Increasing IT Management Capacity* will be carried over into 2011. Namely, according to the curriculum design, some of the modules of this very comprehensive course will be taught and the exams passed in the first half of the next year.

After a promising start and a demonstrated high potential of being a trailblazer municipality, Foča has lagged behind in absorbing GAP’s assistance in program budgeting. Due to an unfortunate combination of reasons ranging from a lack of transportation, to a busy work

schedule, to the dramatic floods in the municipality⁴, Foča could not produce their final product – the newly developed program budgets for select departments – within the Work Plan's deadline. It has now been incorporated into the budget plan for 2011.

The capital project from the Nevesinje municipality, "Road to Ovčiji Bridge", whose implementation started on April 1, 2010, could not be implemented by the set deadline at the end of this quarter. The Nevesinje municipality had problems with finances for this project and asked for a modification⁵ of the project budget in order to diminish their cost share to 50 percent (request pending donors approval). However, even if approved, the weather and the time of year have not allowed the municipality to start with the construction work. Since it was certain that the municipality would not be able to complete the work until next spring due to heavy rains and winter weather, the municipality has asked for a no-cost extension⁶ into 2011.

In the Trebinje municipality, part of the original scope of work of the water project has been completed within the project implementation deadline. However, the municipality has experienced problems with procurement of the water pump (approved in the changed scope – additional equipment). Since the pump could not be procured within the approved project timeline, the municipality has requested a no-cost extension⁷ into 2011 from GAP and its donors. However, even if GAP does not approve this extension, the Trebinje municipality and Trebinje Water Company would procure the pump using their own funds due to the necessity of this equipment for normal functioning of the water reservoir and pumping station.

As previously reported, delays were encountered within the Vogošća municipality, resulting in extensions of deadlines for both projects, which were approved for May 30th, 2011.

In this reporting period, GAP policy work and activities faced several obstacles. This quarter was highlighted by the BiH General Elections, which presented some challenges for GAP. Several laws that were drafted and forwarded to the government were not discussed or adopted, due to the lack of will of Parliament and its representatives to debate the legislation. This included the Vital Records legislation which was sent to the Parliament as an urgent procedure, and the Law on Forests, which passed the FBiH House of Representatives but never made it to the House of Peoples. GAP will continue to advocate for this legislation, and together with the Municipal Association, try to make it the new government's priority.

Furthermore, some of the activities mentioned above will have to wait for the formation of the new government in order to be completed.

In regards to Sarajevo City financing, the city was not prepared to adequately address the problem due to elections. GAP was forced to wait for the city to move forward. Furthermore, regarding the FBiH revenue research, the process of gathering the appropriate documents took much longer than expected.

⁴ The Head of the Finance and Budget Department was one of the key persons involved in the Civil Protection Team and is a chair of the municipal commission for evaluation of damages.

⁵ Sent to JMC for approval on November 8, 2010.

⁶ Sent to JMC for approval on December 24, 2010

⁷ Sent to JMC for approval on December 15, 2010.

SECTION III - REPORTS AND DELIVERABLES

Date	REPORTS AND/OR DELIVERABLES	CITATION
November 2010	Manual for Development of Local Environmental Action Plan	Work Plan, Annex A, PIS # 2
November 2010	LEAP document, Vlasenica	Work Plan, Annex A, PIS # 2
November 2010	LEAP document, Vukosavlje	Work Plan, Annex A, PIS # 2
November 2010	LEAP document, Rogatica	Work Plan, Annex A, PIS # 2
November 2010	LEAP document, Foča	Work Plan, Annex A, PIS # 2
November 2010	Municipality Catalogue of Non-administrative Services, Ribnik	Work Plan, Annex A, PIS # 2
November 2010	Expenditure pie charts published in their municipal budget document, Gračanica	Work Plan, Annex A, PIS # 57
November 2010	Regular P-BMP and MCI Survey Report – October 2010	Work Plan # 3, Monitoring and Evaluation
December 2010	Urbanism Management Consulting Report, Posušje	Work Plan, Annex A, PIS # 2
December 2010	Urbanism Management Consulting Report, Drvar	Work Plan, Annex A, PIS # 2
December 2010	Urbanism Management Consulting Report, Vogošća	Work Plan, Annex A, PIS # 2
December 2010	Urbanism Management Consulting Report, Novo Sarajevo	Work Plan, Annex A, PIS # 2
December 2010	LEAP document, Goražde	Work Plan, Annex A, PIS # 2
December 2010	Zoning plans for test-zones with technical attributes and zoning tables for the legacy municipalities	Work Plan, Annex A, PIS # 15
December 2010	Zoning plans for test-zones with technical attributes and zoning tables for the Cohort 4 municipalities	Work Plan, Annex A, PIS # 21
December 2010	Municipality Catalogue of Non-administrative Services, Foča	Work Plan, Annex A, PIS # 24
December 2010	Municipality Catalogue of Non-administrative Services, Travnik	Work Plan, Annex A, PIS # 24
December 2010	Municipality Catalogue of Non-administrative Services, Gračanica	Work Plan, Annex A, PIS # 24
December 2010	Municipality Catalogue of Non-administrative Services, Srbac	Work Plan, Annex A, PIS # 24
December 2010	Municipality Catalogue of Non-administrative Services, Bugojno	Work Plan, Annex A, PIS # 24

Date	REPORTS AND/OR DELIVERABLES	CITATION
December 2010	Municipality Catalogue of Non-administrative Services, Gradiška	Work Plan, Annex A, PIS # 24
December 2010	Municipality Catalogue of Non-administrative Services, Trebinje	Work Plan, Annex A, PIS # 24
December 2010	Training module on program budgeting for non-trailblazer municipalities.	Work Plan, Annex A, PIS # 48
December 2010	Practical experiences of a program budgeting trailblazer municipality Sapna- PPP	Work Plan, Annex A, PIS # 48
December 2010	Practical experiences of a program budgeting trailblazer municipality Gradačac- PPP	Work Plan, Annex A, PIS # 48
December 2010	Practical experiences of a program budgeting trailblazer municipality Gračanica- PPP	Work Plan, Annex A, PIS # 48
December 2010	Practical experiences of a program budgeting trailblazer municipality Nevesinje- PPP	Work Plan, Annex A, PIS # 48
December 2010	Improved draft budget in Gračanica (with program budgeting annex)	Work Plan, Annex A, PIS # 49
December 2010	Improved draft budget in Sapna (with program budgeting annex)	Work Plan, Annex A, PIS # 49
December 2010	Improved draft budget in Gradačac (with program budgeting annex)	Work Plan, Annex A, PIS # 49
December 2010	Improved draft budget in Nevesinje (with program budgeting annex)	Work Plan, Annex A, PIS # 49
December 2010	Training materials for module on gender sensitive budgeting	Work Plan, Annex A, PIS # 50
December 2010	PowerPoint Presentation - training material on gender sensitive budgeting	Work Plan, Annex A, PIS # 51
December 2010	Expenditure pie charts published in their municipal budget document, Mrkonjić Grad	Work Plan, Annex A, PIS # 57
December 2010	Expenditure pie charts prepared to be published in their municipal budget document, Trebinje	Work Plan, Annex A, PIS # 57
December 2010	expenditure pie charts prepared to be published in their municipal budget document, Travnik	Work Plan, Annex A, PIS # 57
December 2010	Eleven capital projects programmatically completed	Work Plan, Annex A, PIS # 80
December 2010	GAP and FBiH Municipal Association drafted Annexes for the Code on Intergovernmental Relations.	Work Plan, Annex A, PIS # 104
December 2010	The report"Review Collection and Structure of Shared Revenues in RS" report was produced.	Work Plan, Annex A, PIS # 134

Note: All materials are available in the GAP offices.

SECTION IV - MAJOR ACTIVITIES PLANNED FOR NEXT QUARTER

LOCAL INTERVENTIONS

No.	Activity
1	Signing of MAP SoWs in all Cohort 4 municipalities
2	Completion of the remaining MAP projects in legacy municipalities and implementation of the MAP SoWs in Cohort 3 and 4 municipalities
3	Performance audits and promotion of good practices of the CSC/UPC in Cohorts 3 and 4
4	Information gathering, individual meetings with potential trailblazer municipalities for fostering non-administrative services in order to obtain a buy-in, selection of the trailblazers
5	Regular meetings and discussions with the municipal associations and CDMA on the transfer of the budget guide, revenue profiles and consultancy database to the municipal associations
6	On-site assistance to the gender responsive budgeting trailblazer municipalities
7	Train the pilot municipalities for improved public expenditure management, covering modern management control and monitoring and evaluation of project implementation
8	Work on administrative closing of Cohort 1 and 2 capital projects
9	Monitor implementation of the capital projects in Cohort 3 municipalities
10	Work with CIP municipalities from Cohort 4 on co-financing projects: selection, training in project proposal writing, and assistance with preparation of the project proposals
11	Work intensely with Cohort 4 CDPC municipalities on starting and implementing the CDPC procedures
12	Work on finalizing status/situation with remaining four capital projects that have not been completed from the Vogošća, Nevesinje and Trebinje municipalities
13	Provide assistance with organization/preparation of project opening ceremonies

POLICY INTERVENTIONS

No.	Activity
1	Continue to advocate for the adoption of drafted legislation
2	Finalize FBiH revenue allocation report
3	Begin activities in FBiH and the RS on the Law on Financing of LSG (Organize stakeholder meetings to determine members of the working group that will work on the Law on Financing)
4	Work with the Association in presenting and proposing the Code to the new government

MONITORING AND EVALUATION

No.	Activity
-----	----------

- | | |
|---|---|
| 1 | Conduct P-BMP Quarterly Survey (Q4, 2010) related to municipal services |
|---|---|

PROJECT OPERATIONS

No.	Activity
-----	----------

- | | |
|---|---|
| 1 | Perform a thorough review of completed CIP projects together with the CIP Fund Director |
| 2 | Continue to provide support to the procurement department, including review of procurements against the SOW for C3 and C4 core assistance |
| 3 | Regularly update the new webpage |
| 4 | Continue to successfully support all technical components of the project |

ANNEX A

**PERFORMANCE IMPLEMENTATION
SCHEDULE AND PROGRESS**

(Please see separate Excel file)

ANNEX B

FINANCIAL REPORTS

GAP OFFICES

SARAJEVO: KOLODVORSKA 12
BANJA LUKA: I. KRAJIŠKOG KORPUSA 16/III
TUZLA: MARŠALA TITA 34 A/III
MOSTAR: RUDANOVA 7

Phone: +387 33 722 580; Fax: +387 33 722 598
Phone: +387 51 403-224; Fax: +387 51 304 235
Phone: +387 35 250 495; Fax: +387 35 364 285
Phone: +387 36 558-410; Fax: +387 36 558 411