



**FY 2005 QUARTERLY REPORT  
(1st Quarter – FY05)**

**Concerning the BiH Mission Cooperative  
Agreement  
168-A-00-99-00101-00**

**October 1 – December 31, 2004**

**Elections Administration Strengthening in  
Bosnia and Herzegovina**

**Submitted to the**

**U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT  
by IFES**

## **I. INTRODUCTION**

During this quarter, IFES' activities focused on implementation of phase III of the Money and Politics (MAP) program, as well as the development and printing of a revised MAP Users' Guide. IFES' activities in Bosnia and Herzegovina (BiH) are implemented by local and international experts. The overall goal of the project is to provide assistance to local implementing partners with the objective of improving transparency, combating corruption and promoting greater confidence in public institutions in BiH.

## **II. PROGRAM OVERVIEW**

IFES' programming focuses on the development of sound and uniform procedures in the BiH election process. Specifically, programming is intended to lead to the development of uniform formalities in adjudication processes; enforcement of the Law on Conflict of Interest provisions; harmonization of policies and procedures; more timely and consistent information disbursement between the central and local bodies; and increased linkages between intra-state institutions. In cooperation with the ECBiH and the Association of Election Officials of Bosnia and Herzegovina (AEOBiH), IFES' programming continues to increase transparency and accountability through the implementation of the Conflict of Interest and MAP programs. IFES' work plan includes:

- Implementation of Conflict of Interest Law by assisting with the interpretation and concrete definition of policies; administrative operations; and determining an adjudication process for violations of the law;
- Improving voter registration rolls by implementing a program to link inter-agency data; strengthen the transfer of information from the local to central levels of government and increase the capacity of election officials to conduct sustainable registration and outreach activities;
- Augmenting the transparency of campaign and party financing and completing the remaining phases of the MAP program by enlisting the expertise of a Local MAP Coordinator and ECBiH representatives to install the MAP database; conducting IT training programs; overseeing database entry; developing a MAP political party handbook; training election officials, NGOs and Media to operate the database; refining the User's Guide prior to distribution, and publicly launching MAP through a Bosnian-wide public information campaign and coalition building.

## **III. PROGRAM ACTIVITIES**

### **A. CAMPAIGN AND POLITICAL PARTY FINANCING**

Having launched the Money and Politics (MAP) database during the previous quarter, IFES' political finance activities during the reporting period focused on addressing next steps in establishing greater transparency and accountability in the financing of political

parties' activities. IFES worked closely with the ECBiH to facilitate technical assistance to bolster the Commission's audit capacity. In addition, IFES collaborated with the Commission to prepare the mass media to perform its important oversight role in the realm of political finance disclosure.

### ***Audit Assessment***

Following the conduct of local administrative elections in October, the ECBiH and IFES continued discussion of joint activities and collaboration with regards to political finance programming. In light of the release to the public of political finance information via the MAP database the prior month, the ECBiH leadership expressed to IFES an urgent need for the Commission to develop greater capacity to fulfill its audit function as the primary implementing agency of the Law on Financing of Political Parties. To date, the Audit Department of the ECBiH has yet to initiate a formal audit of any of the financial information provided by political parties as required under law.

In these discussions with the ECBiH, IFES coordinated closely with the OHR and OSCE representatives in their capacity as international members of the Commission. In fact, an important backdrop for this discussion of technical assistance in the auditing of political parties is the requirement of the OHR for the Commission's Audit Department to develop an operational plan prior to the release of confiscated SDS funds for the purpose of improving the Commission's oversight and enforcement capacity of political finance.

Based upon the recommendations of the OSCE audit team which undertook the audit of the SDS in 2004 resulting in sanctions being handed down last July, IFES initiated a search for regional audit experts who might be able to transfer their experience to the Bosnian context. In October, IFES—Washington established contact with the Chief Judge of the Court of Audit of the Republic of Slovenia. Subsequent to this, in November ECBiH Member Branko Petric, who previously served as Ambassador of BiH to Slovenia, utilized his personal contacts in Slovenia to arrange for an audit assistance assessment visit by representatives from the State Court of Audit.

The visit by Slovenian audit experts was scheduled for mid-December, but was postponed due to inclement weather. The visit has been rescheduled for early January 2005. The visit does not require financial assistance from IFES and is intended to help the Court better understand how it can assist the Commission with the audits of political parties. To follow-up on this fact-finding mission, IFES has discussed supporting the short-term consultancy by a Slovenian expert in the coming quarter. To this end, in December, IFES requested and was granted additional international travel by the Agreement Officer that will permit on-site, targeted action planning to the ECBiH Audit Department by an experienced auditor.

### ***MAP Training for Media Representatives***

In December, IFES Political Finance Advisor, Marcin Walecki, traveled to Bosnia and Herzegovina to assist in the implementation of phase III MAP activities. Prior to Walecki's arrival in-country, an updated MAP Users' Guide was developed in collaboration between IFES Coordinator, Fuad Tabak and IFES—Washington staff. The

revised Users' Guide aims to serve as a user friendly handbook for utilizing the MAP database, while also serving as an interactive training tool.

On 14 December, IFES conducted interactive media training at the E-Net Center in Sarajevo. The training was organized in cooperation with the ECBiH and USAID Media and sought to provide representatives of the media with hands on experience in using the MAP database. Representatives of 14 media outlets from across Bosnia and Herzegovina participated in the training, as well as representatives of OSCE, USAID Media and USAID Democracy Offices. IFES trainers for the training event were Marcin Walecki and Fuad Tabak.

During the course of the event, training participants expressed great interest in the experiences of other countries with regards to political financing, legal regulations of the BiH, the role of the ECBiH in enforcement of political financing, and usage of the MAP Database. In addition, participants expressed their expectation that the ECBiH should update the MAP Database as soon as possible to reflect the post-election financial declarations of participating parties.

As one might expect, media coverage of this event was quite extensive. Articles and interviews on the media training appeared in the following news outlets: Dnevni Avaz Daily Newspaper, Oslobodjenje Daily Newspaper, SAN Daily Newspaper, and START Journal. IFES will provide English translations of these articles to USAID.

In the days following the media training, IFES developed an assessment tool to measure the effectiveness of MAP program activities from the perception of end users. An IFES MAP Partner Questionnaire was prepared and delivered to our governmental and non-governmental partners in the project. IFES expects to evaluate the results of the questionnaire by the first week of January, and plans to use the information gained from this exercise to learn more about the successes of the project and areas where it can be strengthened. In addition, it is hoped that the response to the questionnaire will enlighten our partners, especially the ECBiH, to better understand the benefits of the program and areas where they can better promote transparency.

### ***Preparations for TIDE Training Underway***

In addition to conducting the MAP media training, Marcin Walecki's visit also provided IFES an opportunity to initiate preparations for a future Training in Detection and Enforcement (TIDE) workshop. Through the TIDE Program which is a logical programmatic extension of MAP, IFES seeks to accomplish the following objectives: increase the capacity of political finance regulators in areas such as investigative techniques; auditing skills and money laundering detection mechanisms; methodologies for monitoring compliance and enforcement; and enforcement mechanisms to impede the impact of cross-border political finance transactions.

In December, IFES representatives made a formal presentation of the TIDE program to the ECBiH representatives and outlined benefits of that program. The ECBiH accepted the program and agreed to establish a Memorandum of Cooperation with IFES regarding

the TIDE program. By the end of the month, a draft Memorandum was prepared and it is expected to be approved by the ECBiH in early January and subsequently signed by both parties.

According to the draft Memorandum, TIDE training will be held in the second half of February 2005. IFES will provide a training team comprised of Marcin Walecki and two additional experts. The ECBiH would ensure participation of 10 employees of the ECBiH and 20 representatives from other enforcement agencies, including prosecutors, judges, state auditors, and representatives of the Ministry of Finance. The training is planned for two days. Additional details on the training have been provided to USAID to facilitate Mission involvement and participation at this event.

## **B. VOTER EDUCATION ON PREFERENTIAL VOTING SYSTEM**

### ***AEOBiH Conducts Voter Education Activities***

In August, IFES issued a sub-grant to the Association for Election Officials in Bosnia and Herzegovina (AEOBiH) to provide voter education activities that would inform citizens about the preferential voting system prior to the 2 October municipal elections. This was the first time in Bosnia and Herzegovina that municipal mayors were directly elected by the preferential voting system.

As part of its voter education activities, the AEOBiH held eight regional trainings in eight different cities in order to educate representatives of political entities, representatives of NGOs and citizens. An additional workshop was held at the request of the political party DNS, where an additional 150 observers were present. A total of 265 observers were trained for the election.

In cooperation with the ECBiH, the AEOBiH developed and printed 15,000 copies of the pamphlet 'How to Vote,' which were distributed in three languages. The distribution of 13,500 pamphlets took place through three daily newspapers in Banja Luka, Sarajevo and Mostar. The remaining 1,500 were distributed to citizens directly due to their active membership of the AEOBiH. During the training sessions, 5,500 copies of the 'Manual on Counting and Voting' were distributed. Additional remaining manuals were distributed to NGOs.

## **C. CONFLICT OF INTEREST**

### ***Law on Conflict of Interest Implementation Assistance***

In November, Conflict of Interest Consultant, Gary Davis, traveled to Bosnia and Herzegovina to provide on-site consultation to the legal department of the Election Commission and to review processes and procedures for reviewing conflict of interest cases. The main purpose of the trip was to work with the ECBiH on post-election Conflict of Interest implementation. Specifically, Davis's consultations focused on the clarification of policy questions left unexplained by the law, as well as the development of procedures of investigation and enforcement of conflict of interest regulations.

Over the past several months, continued revisions of the conflict of interest legislation have helped clarify past definitional concerns and have eased administrative efforts for the Commission. Recent amendments include: reduced the post-government service to 6 months; decreased the reporting requirements to relatives of the 1<sup>st</sup> degree; clarified that member of the 'civil service' not included under the act; and clarified language of coverage under the 4 year sanctions.

In the course of his November consultancy, Davis reviewed the implementation strategy for conflict of interest in BiH government institutions for the period of September 2004-May 2005. The implementation strategy includes the following topics: education campaigns, legal solutions, investigative actions, acceptance of gifts, sub-legal acts, role of NGOs, and agency capacities.

In response to this strategy document, Davis offered the following targeted recommendations:

- A carefully prepared training program at the entity levels should be included in any future plans with regards to the conduct of educational campaigns. To bolster the impact of the Commission's public education plans, it would be useful for the Commission to create print materials on the subject of Conflict of Interest. Print materials such as posters would enhance public awareness of COI issues in a cost effective manner;
- The continued use of "Advisory letters" explaining the law and its sanctions is an excellent use of the Commission's resources. The continued use of these letters will eliminate prospective unlawful conduct on the part of elected officials. The use of these letters establishes definite time lines and rebuts "lack of knowledge" arguments about the effects of the law;
- The Commission should play a vital role in assisting the Parliament and the entities in establishing procedures and regulations for the implementation of any new laws. It is vital that consistency of application must exist at all levels of government on these issues;
- Consideration needs to be given to the issue of applying restrictions to serving in Public Institutions at the Municipal level. Due to the nature of some of these municipalities, the capacity to choose capable officials to serve is very limited and there needs to be limitations. Recent amendments to the original Law on Conflict of Interest were very constructive and have resulted in a more workable piece of legislation, and continued revisions will be necessary;
- There is a need for increased fields of investigation. Some scrutiny of contracts between the Government and private companies needs to be put in place. This is an area which in most countries produces a great deal of illegal activity. Proper implementation of article 10 of the Law should also be undertaken at the Commission's earliest possible convenience. Proper reporting, disposition, and investigation of gifts is an integral part of any effective conflicts of interest program;

- It is important that rules on regulating and the structure of register on Laws of Conflict of Interest be devised. Organizations which have the most effective organizational structure normally employ the use of "SOP," or standard operational procedures, to enhance their effectiveness. Consistency and uniformity must be a consideration in any of the Commission's directives;
- Continued cooperation with members of the non governmental sector is important for the continued success of the Commission's Program. Working with NGO's will add a new dimension to the Commission's activities and involving the public-at-large in a way that the Commission could not, could be accomplished without the infusion of additional resources;
- Information technology is a vital part of the Commission's computer related activities. Any up-grade in the IT capabilities would enhance the mission of the Commission.

During a meeting with the staff of the Commission's Implementation Division, Davis discussed the following issues: personnel, intake procedures, case loads, and review of the division's database. It was noted that motivation among the staff members is high, however the recurring theme of the staff was that more 'field work' is necessary in order to increase the effectiveness of the division. Currently, cases are generated on the basis of the review of newspaper articles, official gazettes of the government and phone calls from the public. At some point, IFES foresees that additional staff will be necessary for the Implementation Division; they have accomplished much with very little, but there is no substitute for a fully staffed and trained work force.

#### **D. OTHER**

##### ***IFES Sponsors COGEL Conference Participation by BiH Representatives***

Election Commission member Lidija Korac and AEOBiH Executive Director Irena Hadziabdic attended the COGEL (Council on Governmental Ethics Laws) Conference in December 2004. The focus of the conference was governmental ethics, elections, campaign finance, lobby laws, and freedom of information. As part of their participation in this professional development opportunity, Korac and Hadziabdic made a presentation to COGEL conference attendees on "The Importance of the Law of Conflict of Interest in Government Institutions in the Process of Democratization in Bosnia and Herzegovina."

At the conclusion of the COGEL conference, Korac and Hadziabdic then traveled to Washington, DC to meet with the Federal Election Commission, the United States Election Assistance Commission, USAID, and the Embassy of Bosnia and Herzegovina. During their stay, Korac and Hadziabdic also made a presentation to IFES—Washington staff entitled "Conflict of Interest and Political Finance Programming: The Case of Bosnia and Herzegovina."

#### **E. ADMINISTRATIVE**

Fuad Tabak, a local consultant, has been hired as a Political Finance Consultant and MAP Trainer.

#### **IV. IMPACT SUMMARY**

The launch of the MAP Database in September signified an important step in the ability of the public to hold political party officials, parties, and candidates accountable in Bosnia and Herzegovina. The IFES MAP training serves as an important next step in empowering the mass media to inform citizens on matters of political finance and thereby enabling voters to make better-informed decisions at the polls, and serving to combat corruption through enhanced transparency.

In addition, the distribution of a revised MAP Users' Guide addresses not only usage of the MAP Database, but also the importance of money in politics, of disclosure of financial reports, and Bosnia and Herzegovina's legal regulations relating to political funding.

Conflict of Interest programming continued with on-site consultations to the legal department of the ECBiH provided by Gary Davis, Conflict of Interest Consultant. Davis provided suggestions on the implementation strategy on the Conflict of Interest in BiH Government Institutions for the period of September 2004-May 2005.

#### **V. COMMENTS**

IFES continues to work on fulfilling its programmatic obligations under its cooperative agreement which has been extended until 31 March 2005. In the forthcoming final quarter of activity under this award, IFES will continue programming in the areas of political finance transparency and conflict of interest. IFES will work with the ECBiH on implementation of the conflict of interest legislation, and assist in the capacity building of detection and enforcement agencies of campaign and party finances.

#### **VI. ACTIVITIES PLANNED FOR NEXT QUARTER**

Marcin Walecki, Political Finance Advisor, will travel to Bosnia and Herzegovina in February to provide Training in Detection and Enforcement (TIDE) trainings.

Gary Davis, Conflict of Interest Consultant, will travel to BiH to provide further consultations on implementation of the Law on Conflict of Interest.

On-site audit assistance is planned for February or March.

#### **VII. PROJECT DELIVERABLES**

- Revised MAP Users' Guide