

**PUBLIC ADMINISTRATION REFORM MONITORING IN BOSNIA AND
HERZEGOVINA: ANALYSIS OF RESULTS IN THE AREA OF
HUMAN RESOURCES MANAGEMENT (HRM)
2016**

- EXECUTIVE SUMMARY -

This document has been prepared under the Public Administration Reform Monitoring (PARM) project, implemented by TI BiH and CIN, with financial support from the Swedish International Development Agency (SIDA) and the Government of Denmark. The views and opinions expressed herein are solely those of TI BiH and can in no way be taken to reflect the views of SIDA or the Government of Denmark.

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DATA COLLECTION METHODOLOGY

Transparency International in BiH, with financial support from the Swedish International Development Agency and the Government of Denmark and as part of the project Public Administration Reform Monitoring in BiH (PARM), prepares annual reports on public administration reform. This monitoring report looks at the results achieved by public administration in the field of Human Resource Management (HRM) in 2016.

The main sources of information on the results achieved in the field of HRM include:

- Data collected through a survey conducted in public administration institutions at the level of BiH, Federation of BiH (FBiH) and Republika Srpska (RS);
- Desk review of reports on the situation in this reform area: semi-annual reports of the Public Administration Reform Coordinator's Office in BiH (PARCO), SIGMA report for 2015-2016, report of the Delegation of the European Commission (EC) for 2016, other relevant documents.

The analysed information was collected by means of a questionnaire distributed to public administration institutions in BiH. The questionnaire was modified to a certain extent compared to the preceding year to allow for the generation of a greater number of quantitative indicators. This monitoring covered a sample of 25 institutions each from the state and entity levels of government and institutions of the Brčko District,¹ but a significant number of institutions did not provide the requested information about their work.

¹ **BiH level:** Ministry of Justice, Civil Service Agency, Public Administration Reform Coordinator's Office, Ministry of Foreign Affairs, Directorate for European Integration, Ministry of Defence, Ministry of Civil Affairs, Ministry of Finance, Ministry for Refugees and Displaced Persons, Communications Regulatory Agency, Central Harmonisation Unit (BiH Ministry of Finance and Treasury), Directorate for Coordination of Police Bodies of BiH (BiH Ministry of Security), Market Surveillance Agency, Agency for Development of Higher Education and Quality Assurance, Agency for Prevention of Corruption and Coordination of the Fight against Corruption, Ministry of Security, Ministry of Communications and Transport, State Investigation and Protection Agency, Personal Data Protection Agency, Indirect Taxation Authority, Central Election Commission, Directorate for Economic Planning, Ministry of Foreign Trade and Economic Relations, Agency for Identification Documents, Registers and Data Exchange of BiH, Agency for Statistics

FBiH level: FBiH Ministry of Justice, FBiH Ministry of Finance, FBiH Ministry of Education, Civil Service Agency of FBiH, FBiH Tax Administration, FBiH Ministry of Agriculture, Water Management and Forestry, FBiH Ministry of Displaced Persons and Refugees, FBiH Ministry of Health, FBiH Ministry of Physical Planning, FBiH Banking Agency, Agency for Privatisation in FBiH, FBiH Directorate for Commodity Reserves, FBiH Administration for Geodetic and Real Property Affairs, FBiH Securities Commission, FBiH Institute of Public Health, FBiH Parliament, FBiH Employment Service, FBiH Ministry of Trade, FBiH Ministry of Transport and Communications, FBiH Bureau of Statistics, FBiH Directorate for Military Industry, FBiH Archive, FBiH Ministry of the Interior, FBiH Ministry of Energy, Mining and Industry, FBiH Institute for Development Programming

RS level: Civil Service Agency, RS Ministry of Public Administration and Local Self-government, RS Ministry of Finance, RS Ministry of Labour, War Veterans and Disabled Persons' Protection, RS Helicopter Service, RS Ministry of Health and Social Welfare, RS Ministry for Refugees and Displaced Persons, RS Ministry of Justice, RS Ministry of Spatial Planning, Civil Engineering and Ecology, RS Banking Agency, RS Administration for Geodetic and Real Property Affairs, RS Administration for Inspection Affairs, RS Agency for Development of Small and Medium Enterprises, RS Institute of Statistics, National Assembly of RS, Tax administration, RS Pedagogical Institute, RS Ministry of Industry, Energy and Mining, RS Ministry of Economic Relations and Regional Cooperation, RS Civil Protection Administration, RS Directorate for Commodity Reserves, RS Ministry of Family, Youth and Sports, RS Administration for Games of Chance, RS Ministry of Science and Technology

Brčko District: BD Finance Directorate, Department for Human Resources of the BD Government

We would like to take this opportunity to thank all the institutions that have provided their inputs for this report.

SUMMARY OF FINDINGS AND RECOMMENDATIONS

- ❖ **Ruling of the Constitutional Court of FBiH (U 13/16)** was, without a doubt, the most important activity in this reform area for this reporting period. The Constitutional Court of FBiH declared unconstitutional the December 2015 amendments to the Law on Civil Service of FBiH. The reason for such decision by the Court, in addition to violations of the procedure (the disputed amendments could not be adopted under the urgent amendment procedure), is the fact that the amendments were at odds with the Constitution of FBiH, i.e. international instruments for the protection of human rights and fundamental freedoms which are an integral part of the constitutional order in FBiH. To recap, the controversial amendments, *inter alia*, provided for dissociation of senior civil servants from the civil service system of FBiH, which would have opened up room for politicisation of the civil service as the recruitments and dismissals of those servants would have been the exclusive responsibility of the heads of institutions or the FBiH government itself. All relevant national and international stakeholders warned of the harmful effects of those amendments, but to no avail. The ruling of the Constitutional Court has put a halt (for the time being, at least) to the ever increasing non-compliance with the principles of merit and professionalism in the civil service of FBiH.
- ❖ **Progress in developing a new strategic framework for the public administration reform in BiH** is certainly one of the most important developments in 2016. After a series of meetings of thematic working groups, as well as the joint working group, held between September 2016 and January 2017, significant progress has been made on drafting the new strategic document, but at this point it remains unclear when the process will be completed. What is certainly encouraging is that the SIGMA's principles for the public administration reform were embraced as the lodestar of the whole process.
- ❖ **Progress in individual HRM areas** was noticeably poorer than in 2015. The limited scope of activities in 2016 shows that without strong support from technical assistance projects there is simply not enough initiative to get things moving. Although the EU HRM project prepared a sound basis for the continuation of several very important HRM activities (e.g. HR planning, introduction of competency-based job interviews, analysis and analytical evaluation of jobs), domestic institutions have used the given opportunity only to a limited extent (merely adopting rules concerning the use of competencies at the state and FBiH levels). However, the problem of a lack of true leadership in the reform process has been lingering for years, and the few occasional breakthroughs made thanks to technical assistance projects cannot disguise the conspicuous lack of clear political responsibility for the fate of the public administration reform process in BiH.

RECOMMENDATION: *The future strategy for PAR in BiH should unambiguously locate political responsibility at all four administrative levels so as to ensure that the reform process finally gets someone who will be responsible for the fulfilment of proclaimed reform goals.*

Analysis of data on the situation in individual HRM areas suggests the following:

- ❖ Most of the surveyed institutions think that managers in the administrative structures are good, but the system is such that their abilities cannot come to the fore.
- ❖ HRM function still lacks the necessary independence and in most cases is simply attached to the

general and legal affairs sector. The term 'personnel affairs' is still found to be in much more common use than 'HRM'.

- ❖ Although the EU HRM project produced very detailed instructions for developing and improving the existing personnel planning system, as yet none of the administrative structures have undertaken concrete activities to streamline the existing practice.
- ❖ The expected statutory introduction of mandatory job analysis has so far happened only in FBiH.
- ❖ Personnel recruitment and selection practices have not experienced any major changes. What remains a positive development, though, is the fact that the detrimental amendments to the Law on Civil Service in FBiH were repealed by the Constitutional Court of FBiH. Also, new rules governing the competency-based recruitment have been adopted at the state level, as recommended by the EU HRM project.
- ❖ As regards the work compensation system, the only thing worth noting is the amended Law on Salaries in RS, which has corrected the contribution rate for the accumulated years of service of employees in the public administration. Specifically, employees who have less than 25 years of service and those with more than 25 years of service will have their base salaries increased by 0.3% and 0.5%, respectively, for each year of service.
- ❖ The areas of personnel development and introduction of the quality assurance system into the civil service management process have seen only limited progress. Despite budgetary constraints, institutions manage to organise a number of training activities for their personnel, mainly in such areas as foreign languages and computer skills. Of course, the vast majority of professional training is still provided through technical assistance projects.

Given the limited reform progress in 2016, recommendations for improvements in individual HRM areas have remained more or less identical to last year's:

- ❖ Develop projects aimed at **strengthening general managerial capacity** at all levels of government;
- ❖ Institute and implement measures specifically aimed at streamlining **human resources planning** procedures (adopt appropriate implementing regulations) with an emphasis on planning the necessary qualifications of personnel as well as setting realistic priorities in filling vacancies;
- ❖ **Create a legal basis for the introduction of competency-based selection of candidates** (with the exception of the state level, which has already done so); develop training modules for potential members of selection committees on how to use the competency-based framework in selecting candidates for a job in the civil service;
- ❖ **Increase transparency of selection committees**, *inter alia*, by introducing the practice of recording job interviews and making these recordings available to those who appeal against the committee's decisions;
- ❖ **Institute and implement activities** aimed at adopting one of the internationally recognised standards **in the field of quality management**.