

**PUBLIC ADMINISTRATION REFORM MONITORING IN BOSNIA AND  
HERZEGOVINA: ANALYSIS OF RESULTS IN THE AREA OF  
HUMAN RESOURCES MANAGEMENT (HRM)  
2013-2014**

- FINAL REPORT -

*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.*

**March 2015**

## INTRODUCTION

Given its importance, the reform of Human Resource Management (HRM) practices should occupy a central place in the overall Public Administration Reform in BiH (PAR) because competent, professional and motivated people are the key to success in all other reform areas. However, Transparency International in Bosnia and Herzegovina's (TI BiH) findings show that not only does this reform not occupy any privileged place within the broader PAR context in BiH, but, due to the fact that many sensitive issues have already been removed from the national agenda, it proceeds with difficulty and at a frustratingly slow pace. As such, it is much more reminiscent of individual improvisations by four solo performers than the music of a well-tuned quartet.

With the support of the Swedish International Development Agency (SIDA), TI BiH started the PAR monitoring process with special emphasis on such areas as HRM, transparency and public finance. It is important to note that this is one of the few multi-year civil sector-led projects in the area of PAR monitoring in the country, which could encourage other NGOs to 'jump aboard the same train'. Given the importance of effective management for the country's Euro-Atlantic integration, NGOs should seriously consider the formation of a kind of 'NGO coalition' that would generate increased pressure on decision makers to accelerate the reform.

This report looks at the progress achieved in the area of HRM reform at all four levels of public administration in BiH over the 2012-2014 period. The report is structured such to reflect the fact that this is the first document of its kind to be offered by TI BiH to the general public. It was therefore necessary to first outline the methodological approach, then explain the basic features of the PAR context in this area, and finally present the activities undertaken and results achieved.

The basic idea behind this HRM reform monitoring approach is based on the continuing focus on the following two correlations: a) correlation between the activities undertaken/implemented and the results achieved; and b) correlation between the results achieved and the resources invested. From here it clearly follows that only those activities that produce results and lead to the fulfilment of the set objectives make sense. Everything else is inefficient use of resources. Further, the results also must be analysed such to put into perspective the time and resources that have been expended in their achievement. Therefore, the progress made as a result of independent efforts of one institution (or one administrative level) while expending minimum resources is much more valuable than similar progress achieved through, for example, multi-year donor technical assistance.

In this introductory section it is important to note one interesting fact that was observed in the course of collecting data on the reform progress. Namely, the key institutions for the HRM reform area appear to have good knowledge of the key reform concepts and objectives, but there is also a noticeable degree of satiety among them, especially in situations when they are asked for information on the progress of reforms. At the same time, representatives of institutions that are, as it were, on the system's periphery appear willing to talk about this topic, but they have a rather hazy picture of what modern HRM is and what the reform objectives are. Put simply, while the centre of the process feels saturated with stories about HRM and HRM reform, the periphery's knowledge in the sphere of HRM reform remains fairly limited.

We would like to thank all institutions that have found time to respond to our inquiries for their cooperation.

## REFORM MONITORING APPROACH

One of the first steps in designing a PAR monitoring methodology is the establishment of a baseline, i.e. a set of reference values with which to compare the findings obtained through the monitoring of progress in a specific area. In practice, a baseline is usually established on the basis of strategic documents in a specific area, whether it be documents that are specific to individual countries or those relating to groups of countries (e.g. the recently published *Principles of Public Administration*, developed by SIGMA, which apply to all countries aspiring to EU membership).

In the context of PAR in BiH, there is a certain crisis of 'strategic direction' at play. In fact, even though the 2006 PAR Strategy is still in force, its implementation has come under question after 2014 since the deadline for implementation of the Revised Action Plan 1 (RAP1) expired and the new document has not been adopted yet, with no indications of when this might happen. Furthermore, the PAR Strategy was designed almost a decade ago, and albeit still relevant to a large extent (at least when it comes to HRM), it needs 'upgrading' to reflect the current economic and political situation in the country. Public administration in BiH must be more efficient and more effective and thus contribute to the economic recovery of the country. The new PAR strategy needs to address this issue. At the same time, political actors in BiH have finally spoken a common language and underlined their commitment to the EU integration process through the Presidency's statement made in February 2015. It goes without saying that the success of this process depends largely on the public administration reform. This is confirmed by the fact that the European Commission (EC) insists on the fulfilment of the Copenhagen Criteria, where 'good governance' plays a major role.<sup>1</sup> It is therefore essential that the future PAR strategy incorporate goals, time frames and resources needed to accelerate the implementation of necessary reforms, whereupon BiH could finally start catching up with other countries in the region when it comes to the dynamics of fulfilling the EU membership criteria.

Given the highly fluid situation in regard to the PAR strategic framework in the country, TI BiH decided to use the *Policy Framework for Development of Human Resource Management in Public Administration Structures in BiH* as a baseline to monitor reforms in the area of HRM. This document was developed in 2013 with the support of SIGMA, and at the technical level it was approved by the HRM Supervisory Team. It was launched in March 2014 as part of the kick-off conference for the EU-funded project *Modernisation of Human Resources Management Systems in BiH*, but as yet there has been no concrete progress in the adoption of this document by the relevant governments in BiH.

As its name suggests, the *Policy Framework* document establishes common basic principles for the development of HRM in individual public administration structures in BiH.

In the preparation of this report, TI BiH primarily relied on the following sources of information: 1) interviews with institutions from all four public administration structures in BiH; 2) interviews with donors and relevant civil society organisations (CSOs); 3) PAR progress reports prepared by PARCO; and 4) reports by SIGMA and the European Commission on the situation in BiH. Table 1 below provides basic information about the collection of information from each of the four sources.

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<sup>1</sup> [http://europa.ba/documents/delegacijaEU\\_2014121515000547eng.pdf](http://europa.ba/documents/delegacijaEU_2014121515000547eng.pdf)

**Table 1. Data collection methodology**

DATA SOURCE	DATA COLLECTION METHOD	NOTES
PA institutions	Structured interviews	Five institutions were selected from each level. Main selection criteria were: 1) how relevant the institution is for the HRM reform area; and 2) the need to ensure representation of institutions from different sectors and with different number of employees.
Donors and relevant CSOs	Structured interviews	Interviews were held with the EC Delegation in BiH, SIDA and German GIZ.
PARCO reports	Report analysis	Analysis was made of the two most recent available reports (2014 semi-annual report and 2014 annual report)
Reports by SIGMA and EC	Report analysis	Analysis was made of the reports for 2013 and 2014, although the 2014 report is first one in the last nearly a decade that did not directly look at the situation in the public administration structures in BiH.

### **SUMMARY OF HRM REFORMS THUS FAR**

Since this is the first TI BiH's report on HRM reform, it is necessary to remind ourselves of the key moments in the chronology of the reform and make a brief summary of the results achieved.

Reform in the HRM area started in 2002-2003, when the first laws were enacted in this field and central HRM institutions started work (civil service agencies and Human Resources Subdivision of the Brčko District). However, the first concrete result of the reform was the final report for the project *System Review of Public Administration in BiH*, launched in early 2005,<sup>2</sup> which contains an in-depth overview of the state of play in this area along with recommendations for improvement. This report also served as the basis for the development of the BiH Public Administration Reform Strategy<sup>3</sup> (as well as the first action plan for its implementation), whereby a strategic framework was created for the reform implementation.

However, instead of providing the expected momentum for reform, the adoption of strategic documents seemed to have scared off the key stakeholders in the reform process, because everything that has happened thereafter is far from what could and should have been done. For example, the Strategy underlines that it is necessary to ensure coordination and cooperation on issues such as "...enabling mobility of civil servants, determining the size of the civil service, unification of planning methodology, strengthening compatible information systems for HRM, streamlining performance appraisal and promotion practices, reorganising the salary and awarding system, and strengthening the HRM capacities in individual institutions (ministries, directorates, agencies)."<sup>4</sup>

<sup>2</sup> The document can be downloaded from <http://parco.gov.ba/?id=427>

<sup>3</sup> The document can be downloaded from <http://parco.gov.ba/?id=70>

<sup>4</sup> Strategy for Public Administration Reform in BiH, <http://parco.gov.ba/?id=70>, p. 34

A retrospective look at the events that took place between 2006 and 2014 indicates that the question of mobility of civil servants has never been put on the agenda, as has not the question of determining the size of the civil service. The contention at the time was that those were delicate interventions with possible political overtones and that reform should be postponed until more appropriate times. As regards modern HRM planning methodology, not only is it not based on the same principles, but also it has not seen any progress since 2006, with the exception of some progress in the practice of institutions in RS. Similar is the case with strengthening the compatibility of information systems for HRM, which, despite a completed EC-led project and a total of €600,000 expended for this purpose, continues to lack the necessary compatibility and is far behind the modern HRM software (with the exception of the system in Brčko).

However, probably the most serious blow to the process of HRM reform in BiH came in the form of very aggressive politicisation of civil service, first through amendments to the then *Law on the Civil Service in the Republika Srpska Administration* in May 2006, and later through attempts first by the Government of FBiH and then by some political actors at the state level to set a time-limited term of office for senior civil servants. Fortunately, through efforts by the OHR and the European Commission all attempts at politicisation coming from FBiH were stopped, while the political agreement between the Social Democratic Party (SDP) and the Alliance of Independent Social Democrats (SNSD) at the state level lost all chances of being put into practice due to changes in the constellation of political power following the 2014 election.

To recap, the Strategy was in 2006 supported by the Council of Ministers of BiH, both entity governments and the Government of the Brčko District. However, that support was obviously more rhetorical than substantive, and this should be borne in mind when producing a new PAR strategy in BiH.

Of course, the HRM reform has yielded some positive results. Firstly, the formation of the central HRM institutions has indeed brought some order in the recruitment of civil servants. The capacities of these institutions have increased significantly in recent years through bespoke training schemes and other forms of professional development. The leaders of these institutions meet on a regular basis to discuss current issues in the field of HRM, and the Supervisory Team for this reform area works effectively on the design and monitoring of new project activities. In addition, the HRM practice has been enriched with features such as performance appraisal, training and professional development of staff. Furthermore, at the moment of writing this report the EU funded project *Modernisation of HRM Systems in the Civil Service in BiH* is starting the modernisation of human resources planning practices.

All in all, activities at the technical level are implemented on a continuous basis, but the overall results are far below expectations. The PARCO's 2014 report revealed that of the total number of objectives defined under RAP1 in the area of HRM only 54% have been achieved.<sup>5</sup> It should, however, be noted that RAP1 is actually a cut-down version of the first action plan, which was stripped off of all the activities that were considered to be redundant or simply unlikely to be realised in the 2011-2014 timeframe. This shows that despite almost a decade of organised reform efforts and millions of KM invested by donors (close to six million KM was spent only on

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<sup>5</sup> PARCO Annual Report, p. 31, <http://parco.gov.ba/latn/?page=364>

the implementation of RAP1 in the 2011-2014 period),<sup>6</sup> the HRM reform has achieved but limited success.

The main reasons for such poor results include lack of political support and, coupled with this, inefficient reform coordination system, as well as the limited capacity of the existing managerial staff in the civil service structures in BiH to properly organise and manage the resources at their disposal.<sup>7</sup>

## **DEVELOPMENTS IN THE FIELD OF HRM REFORM IN 2013-2014**

This section looks at the analysis of data collected from interviews with representatives of institutions, donor organisations and NGOs, as well as information gleaned from relevant reports and other publications. The analysis is focused on the developments in eight areas of human resource management as defined in the *Framework Policy* document, although a lot of technical terms were taken from RAP1. The idea behind this was to accommodate the needs of interlocutors from institutions at different levels in BiH who had not had the opportunity to familiarise themselves with the *Framework Policy* document.

## **POSITIONING HRM**

The term ‘positioning’ means primarily the location of the HRM function in the organisational structure of public administration institutions. However, in this section we have tried to identify other facts that could complement the picture when it comes to significance or the status that the HRM function has in certain institutions.

The general conclusion is that HRM is still primarily perceived as an administrative function. In the majority of cases this function is merged into one organisational unit together with general and legal (and sometimes financial) affairs! This makes sense in the case of smaller institutions, but what is worrying is that larger institutions such as the Ministry of Foreign Affairs of BiH also do not find it necessary to set up HRM as a separate function and give it a status it deserves. Further, most institutions still use the term ‘personnel affairs’, which, coupled with the fact that there have been no changes in this area in recent years nor are they expected in the near future, suggests that the HRM concept has not yet ‘taken hold’, whether it be symbolically (in terms of the terminology used) or substantively. However, there are some examples of good practice, such as the Ministry of Finance of RS, which has a special human resources department located within the Ministry’s Secretariat, and the Civil Service Agency of FBiH, which has a Department

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<sup>6</sup> The data refers to the resources expended solely for the strengthening of the HRM function. The above amount includes all projects financed from the PAR Fund (PARF) to the tune of KM 840,000, as well as funds provided by the EU Delegation to BiH to the tune of over KM 5 million (HRM Modernisation project + the aforementioned HRMIS project). Also, this figure does not include funds disbursed through different types of bilateral arrangements in the period before the creation of PARF (2007).

<sup>7</sup> It is precisely these three reasons that were identified and elaborated in detail in the document *Monitoring Progress of the Public Administration Reform in BiH: Human Resources Management*, which TI BiH presented in September 2014. The document can be downloaded from the following link: <https://ti-bih.org/wp-content/uploads/2014/09/Human-Resources-Management-in-Public-Administration-Structures-in-BiH-%E2%80%93.pdf>

for HRM, Training and Financial Affairs, the latter of which effectively confirms that the human and financial resources are treated in the same way.

It is important to point out that very few institutions (or administrative levels) have an HRM development policy in place. In fact, when it comes to the administrative levels, it is only the Brčko District that has adopted such a document (in January 2015). Of individual institutions involved in the monitoring, only the Directorate for European Integration reported having adopted an HRM development strategy.

Thus, the commonly heard platitude that 'people are our greatest asset' does not seem to have any support in practice. The fact that the HRM function rarely exists as a stand-alone organisational unit, coupled with the fact that it is still mostly being referred to as 'personnel affairs', indicates that heads of administrative bodies still do not feel that they need anything more than the classic administrative function. It is therefore no wonder that the majority of other HRM functions are performed only *pro forma*, because in a highly centralised administration system, as is the case with the administrative structures in BiH, it is the top manager who is the key figure in the creation of the organisational environment in which operations will be carried out.

### **Human resources planning**

The practice of human resources planning is an ongoing process that aims to ensure the efficient use of each organisation's most important resource – people. Setting goals in work, whether it be for an organisation or for a specific position, requires developing a plan for their fulfilment. Without planning, goals do not make sense.

The practice of human resources planning in the public administration structures in BiH is far from the above definition, but there is room for moderate optimism. Namely, since 2010 the administrative bodies in the Republika Srpska have been under an obligation to adopt staffing plans. In essence, this is a document that has provided greater financial discipline in the administrative bodies in RS, but has also forced them to specify how many people they will recruit and in what positions. A similar path was taken by the Civil Service Agency of FBiH, which is preparing a new implementing regulation to regulate this area in a modern and streamlined way. At the same time, the HRM Modernisation Project operates on the basis of principles of good practice in this area, which, if approved by the competent domestic institutions, could mark the beginning of a new practice in the planning of human resources.

However, the current practice of human resources planning clearly shows that the whole process has been pared down to the financial, or quantitative, aspect, while the professional qualifications of necessary staff is just not given due regard in the planning process. One can, of course, understand the efforts of competent institutions and governments to enforce financial discipline, but it is unclear why individual authorities do not find it necessary to ask the HRM staff to include in the internal plans, in addition to the required number of people, information on the qualifications of these people, or about priorities in filling vacant positions. Apparently, the practice of human resources planning in the administrative structures in BiH has not seen any significant changes in recent years and, as such, provides institutions with a limited view of the future.

## **Analysis and classification of jobs**

Job analysis is a process of systematic collection of data on each individual job with the aim of creating better job descriptions (which includes determination of the professional qualifications needed for any future position). A thorough job analysis can reveal whether an organisation has a surfeit/shortage of staff, whether there is any duplication of work and where it is happening, and why staff is inefficient at certain jobs. Classification of jobs is a process that naturally builds on job analysis as it aims to classify jobs by their nature and degree of complexity, i.e. to set the nominal value of jobs.

Jobs in the administrative structures in BiH have never been properly classified. No administrative structure has a job classification methodology in place. What happens as a result is that very often the same jobs vary widely between different institutions (or even between different organisational units within the same institution) even if they are nominally classified in the same group of jobs (e.g. expert advisors or associates). So far, only the Ministry of Justice of BiH has tried to standardise job descriptions,<sup>8</sup> but this has had very limited success because the harmonisation of job descriptions did not include an analysis of what the staff actually do as part of their job and what the needs of the institution are.

At the moment, the institutions participating in the HRM Modernisation project have the opportunity to improve their current job descriptions via a modern job analysis approach, but due to the limited scope of the project, this opportunity will be available to only a handful of institutions (19) from different levels in BiH. It should be noted that, as is the case with job classification, the job analysis practice has yet to be regulated by relevant regulations. Expectations are that by the end of the said project (December 2015), at least some of the public administration structures in BiH will manage to do so. Meanwhile, job descriptions remain one of the main problems of the whole HRM system, because they are not regularly updated and as such often have little or no use value. The very process of changing job descriptions is also highly impractical because even the slightest change to a job description requires that a procedure to amend the entire rules on staffing be initiated.

## **Recruitment and selection**

The success of any organisation depends primarily on the quality of people working in it. Any new recruitment carries a risk because any error in selection is paid dearly. Individuals who do not have the capacity to meet the requirements of their jobs engender a decline in motivation among those who successfully perform their job. As a result, the entire institution suffers adverse consequences.

The BiH Progress Reports<sup>9</sup> that the European Commission submits to the Council of Europe and the assessment reports that are periodically undertaken by SIGMA<sup>10</sup> emphasise that

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<sup>8</sup> See the *Decision on the Classification of Jobs and Criteria for Job Description in the Institutions of Bosnia and Herzegovina* (Official Gazette of BiH, No. 30/13); the decision can be downloaded from [http://www.mpr.gov.ba/biblioteka/podzakonski\\_akti/BJ\\_30\\_13\\_Odluka\\_o\\_razvrstavanju\\_rad\\_miesta.pdf](http://www.mpr.gov.ba/biblioteka/podzakonski_akti/BJ_30_13_Odluka_o_razvrstavanju_rad_miesta.pdf)

<sup>9</sup> See European Commission's progress reports for BiH; The last report was released in 2014 and can be found at: [http://europa.ba/documents/delegacijaEU\\_2014100811032318eng.pdf](http://europa.ba/documents/delegacijaEU_2014100811032318eng.pdf)

recruitments in civil service must be based on professional merit, meaning that an individual who scores best in a job competition procedure should get the job.

In the public administration structures in BiH the basic contours of the recruitment process have not changed significantly in the last few years. Old problems continue to persist, although there are some positive developments. The main criticism continues to centre on the selection method, although the testing process itself is also rather problematic.

As regards the selection process, the arrangements existing in the civil service of BiH are still the fairest because the Civil Service Agency automatically appoints the first person on the list of successful candidates. In RS, appointments are made by the head of the institution who has the obligation to appoint the best-ranked candidate. However, if the head does not want to appoint the best-ranked candidate, he/she may simply fail to make the appointment within the statutory deadline, whereupon the competition procedure is cancelled. In FBiH, the head of the institution may appoint any candidate from the list of successful candidates, where the list is sorted in alphabetical order rather than by the number of scores achieved, which is a flagrant example of negative political interference in the development of regulations in this area. However, the most worrying situation is found in the Brčko District, where the new recruitment rules enacted in July 2014 have reduced the size of the selection committees from five to three members, where the recruiting institution continues to have two members in the committee, but the Employment Board instead of three members now has only one. This makes it possible for the head of the recruiting institution to propose as members of the committee people who will 'make sure' that the preferred candidate is selected.

As regards selection of senior civil servants, the situation is more or less the same at all levels, and is characterised by a high degree of autonomy enjoyed by the heads of the institutions making the selection. Very important in this regard was a ruling by the Court of BiH stating that, if heads of institutions decide to appoint a candidate who is not best ranked, they must provide reasons for their decision.<sup>11</sup> Prior to this ruling, heads of the administrative bodies at the state level were not obliged to give reasons for their decision to appoint a candidate who was not best ranked.

As for the exams that candidates take to enter the civil service, it is evident that the existing concept of general knowledge testing in FBiH and public examination at the state level do not meet the expectations. Both exams are based on multiple choice questions whose aim is to test candidates' knowledge of administration and administrative structures. The only thing that committee members can learn about the candidates who passed an exam thus conceived, is that they had minimum will to sit down and learn something and that they have a memorisation capacity of a healthy adult. The Civil Service Agency of BiH is aware of the problem, and efforts are being made to address this issue, but the process could take a while because it involves changing the Law on Civil Service.

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<sup>10</sup> The Assessment Reports prepared by SIGMA can be found on the official website of the organisation <http://www.oecd.org/site/sigma/>; The last report for BiH (which treats of the situation in civil service) concerns year 2013 and can be found at: [http://www.sigmaweb.org/publicationsdocuments/BiH\\_2013\\_KZ6201.pdf](http://www.sigmaweb.org/publicationsdocuments/BiH_2013_KZ6201.pdf)

<sup>11</sup> Ruling of the Court of BiH No. S1 3 U 005066 11 U. The ruling was issued on 4 July 2013.

One of the ways how this area might be regulated in the future is to ensure that the testing is based on the framework of competences and that the candidate has an obligation to apply acquired knowledge and skills in practice. An example of this approach can be found in the case of the professional administrative exam, which is taken in the Ministry of Justice of BiH, or the Civil Service Agency of RS, where candidates are required to carry out a practical task falling within the scope of their future job.

However, in addition to the structure of the civil service entrance exam, it is necessary to pay attention to the price that candidates have to pay to take this exam in RS, as well as the exam administered by the Ministry of Justice of BiH. Specifically, in RS candidates with university education must pay as much as KM 250 to take the exam, the passing of which is an eligibility criterion for participation in a job competition procedure. The exam administered by the Ministry of Justice of BiH is even more expensive at KM 400, but the mitigating factor is that it is not a condition for the validity of job applications, because candidates can take it within six months from the day they get a job in civil service.

The central HRM institutions in BiH have in recent years reduced the costs of applying for jobs in civil service, and now various types of certificate (in particular medical clearance, which is the most expensive) will be required only of the candidates who got the job.

All in all, it is evident that there is room to further enhance civil service recruitment procedures at all levels. What remains a matter of concern, however, is the fact that in the last two years very little has been done in this field. Here, as in other areas of HRM, the EU-funded project *Modernisation of HRM Systems in the Civil Service in BiH* undertakes certain activities to improve the practice, but its final results remain uncertain.

In discussing civil service recruitments, it is impossible to sidestep the widely held perception that competition procedures are generally rigged and prone to manipulation, which undermines public trust in the objectivity of the process. A survey conducted by TI BiH in 2014<sup>12</sup> on a sample of 1,551 respondents (from FBiH, RS and Brčko District) shows that one in two respondents believes that jobs in public administration are given based on partisan and/or personal connections, and as many as two-thirds respond affirmatively to the question of whether they have ever personally heard of someone getting a job in public administration through the use of connections.<sup>13</sup> These are really alarming data that the administrative structures in BiH simply cannot ignore. The fact that so far there have been no cases where any corrupt activity has been found indicates that, if there is manipulation, it is likely to happen in a way that is formally compliant with the applicable procedures. This means that the selection committee must ensure that the 'preferred' candidate has the highest number of scores, or at least that he/she is ranked close to the top. In practical terms, this means that ensuring increased transparency of the written and, in particular, the oral civil service entrance examination could reduce 'room for manoeuvre' for manipulation by the selection committees. In this regard, one possible solution might be to introduce the mandatory recording of job interviews from the first to the last minute without exception. This would allow candidates who feel they have been wronged in the selection process to gain access to the complete audio-video recording of the interview as well

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<sup>12</sup> Perceptions of Public Administration – Bosnia and Herzegovina 2014, Transparency International BiH, p. 28. The document can be downloaded from <http://ti-bih.org/wp-content/uploads/2014/09/PERCEPTIONS-OF-PUBLIC-ADMINISTRATION-20141.pdf>

<sup>13</sup> Ibid, p. 29

as the examination papers of other candidates, which is certain to have a positive impact on the ethics of committee members.

Finally, in the view of the foregoing, it seems really ironic that, while all administrative structures have codes of conduct for civil servants in place, in 2013 only 110 state-level civil servants received training in the area of conflict of interest and improving ethics.

### **Performance monitoring**

Performance monitoring includes a whole range of activities with which the manager seeks to maximise the performance of his/her subordinates in order to help them meet targets and ensure professional development.

In the context of BiH, there is a tendency to reduce the purpose of monitoring and evaluation to the rewarding or sanctioning of individuals. This brings the whole concept into question, especially in times of financial crisis, when institutions have very little room for paying any rewards. However, the main purpose of this activity is to ensure professional development of employees, so the excuse about the redundancy of this practice in a situation when there is no money to reward successful individuals simply makes no sense. Performance is monitored with the aim of ensuring operating efficiency of individuals, and rewards or sanctions come as a consequence.

Further, linking performance to rewards requires that those who assess performance are ready to do so in a principled and objective manner, while in practice the primary concern of managers is to maintain 'peace at home', which means that everyone will have the highest ratings. It is not difficult to guess what would happen if the possibility of cash rewards were to be added to such a performance evaluation practice.

On paper, however, performance evaluation of civil servants is generally in keeping with the best practices in this area: the emphasis is on setting up and evaluating performance targets and there is also a link with the professional development process. In practice, as mentioned earlier, this activity is not seen as a tool for ensuring operating efficiency, but rather as a formality with a very low practical value.

Obviously, additional efforts will be needed to get the existing management structures in the administrative units in BiH to understand the true purpose of this tool and to accept the fact that it is a practice that gives managers the opportunity to maximise the performance of people in their charge.

## **Compensation for work**

Overall, there have been no significant reform activities in the recent period in this area either. Regulations related to wages and benefits in the public administration structures in BiH were adopted in an effort to consolidate the principles that will determine the creation of a wages system, as well as to minimise the effects of the financial crisis (which is particularly evident in the case of the Law on Salaries of Employees in the Administrative Bodies of the Republika Srpska, adopted in April 2014).

It is worth mentioning the attempt of the project *Modernisation of the HRM Systems* to offer the administrative structures in BiH an analytical job evaluation model to serve as the basis for creating a wages system. There is an avid interest among project users in mastering new techniques, but materialisation of the analytical job evaluation practice depends primarily on whether the respective governments have an ear for such a step. As a reminder, the existing wages system in BiH is not based on analytical job evaluation, so the proclaimed principle of 'equal pay for equal work' remains questionable. Indeed, how can one know that jobs are the same if they have never been analysed?

The area of salaries and benefits in BiH is generally seen as the 'sovereign territory' of the ministries of finance, which is a kind of exclusivism that is at odds with the best practices in this field. In developed countries the process of job classification and estimating their nominal value is part of the HRM practice and it would be advisable to take account of this fact when creating future wages system and for ministries of finance to take central HRM institutions as their partners in this endeavour.

## **Professional development**

Continuous training and professional development of civil servants is essential for the efficient functioning of any institution. Interviews with civil servants show that most of them actually tend to conflate training with professional development, which of course is wrong because training is only one aspect of professional development. There are numerous other forms of professional development, such as mentoring, self-study, study visits, etc., but they are often overlooked for various reasons.

All public administration structures in BiH reported that a large number of professional training workshops had been held in recent years, and there had also been some systemic innovations. In this regard, it is interesting to note that a network of training managers was established in RS in 2013. Its goal is to promote cooperation in the field of training between the central HRM institution (Civil Service Agency) and individual administrative bodies. Also, Civil Service Agency of FBiH has put in place a trainer accreditation system, which is expected to result in better quality training for users. In addition, all public administration structures have valid training strategies in place as a basis for preparation of annual training plans.

However, the approach to training is still primarily based on the number of people who have received different training courses, which is a textbook example of how an 'activity' is treated as a 'result. Namely, for a training course to be considered successful, it first needs to be relevant, and then also of high quality. But even if it meets both the criteria, a training course can be considered successful only if it results in tangible improvements being introduced by training

participants into their workplace. If improvements make themselves felt (which is registered through the performance appraisal process), then the training has been successful. Unfortunately, the careless attitude of the majority of managers towards performance appraisal makes it highly unlikely for such improvements to actually be registered.

### **Total Quality Management**

Total quality management (TQM) is the youngest area in the catalogue of HRM reforms. It is a concept that consists of organisation-wide efforts to provide high-quality services to end users by fostering a responsible attitude towards work and paying due regard to the way work is organised.

Even though PAR was for the first time introduced through RAP1 (in 2011), a lot of interviewees from institutions in BiH were not familiar with this concept or any actions taken in this regard. However, it should be noted that PARCO (as the main institution responsible for these activities in BiH), supported by German GIZ, did a solid job in this segment. This has resulted in the creation of a roadmap for the introduction of the recommended quality standards: CAF (Common Assessment Framework) and ISO (International Organisation for Standardisation).

Representatives of the central HRM institutions reported that a number of training sessions in this area had been held in 2014 (e.g. CSA BiH alone financed three training courses in this area), and that more training sessions were expected in 2015.

### **RESOURCES INVESTED IN HRM REFORM**

As already pointed out in the introductory section of this document, the results achieved in the HRM reform process in the public administration structures in BiH need to be put into perspective with regard to the resources invested. This primarily refers to financial resources, although it should be noted that the reform process also entailed engagement of human resources in the form of civil servants who participated in different projects. However, it is important to note that there is another very important resource that was expended, which, unlike money or people, cannot be renewed, namely time. In other words, a decade of organised HRM reform is gone for good. What is done is done! Even if a new decade was available for further reform, it would not return the time that has passed. In fact, the new ten years of working on the same or similar things would lead to impairment of the achieved results.

When it comes to human resources, the findings of this report suggest that the institutions that were directly involved in the HRM reform typically delegated one person to participate in project activities. The pattern of conduct of administrative bodies when participating in the work of technical assistance projects involves delegating usually one civil servant (in rare cases two) to work on specific project activities. Even though the projects discussed here are mainly donor projects, the participation of civil servants in their implementation still costs money.

Firstly, civil servants cannot be reimbursed by the organisations that run the projects for their work in these projects. This means that while a civil servant is engaged in project activities, the administrative body where he/she works (and which is also the project beneficiary) is obliged to reimburse him/her for that work. Of course, most administrative bodies have an interest to participate in these projects, and such involvement is worthwhile. However, it is important to

have in mind that although the funds for the implementation of projects are really EU grants or funds from bilateral arrangements with friendly countries, participation in these projects involves costs for ultimate beneficiaries too. Table 2 gives an overview of costs (which are covered from the budget!) arising from the participation of one civil servant in a project.

**Table 2. Costs arising from the participation of one civil servant in a reform project**

<b>Overview of typical costs arising from the participation of one civil servant in a reform project*</b>		
<b>Civil servant's rank: Expert Advisor</b>		
<b>Monthly income: approx. KM 1,400 (or KM 70 per day on the basis of 20 working days)</b>		
<b>Total length of engagement (on an annual basis): 20 working days (2 days x 10 months)</b>		
<b>Total travel within the country: 10 days</b>		
<b>*It is assumed that travel expenses (transportation, food) are covered by the project</b>		
<b>TYPE OF EXPENSE</b>	<b>AMOUNT</b>	<b>NOTE</b>
<b>Salary</b>	<b>KM 1,400</b>	<b>During his/her engagement in the project, the civil servant is treated as if he/she is working and receives regular salary</b>
<b>Per diems for travel within BiH</b>	<b>KM 250 (10 days x KM 25)</b>	<b>Per diem is KM 25 in FBiH and KM 20 in RS</b>
<b>TOTAL: KM 1,650 or KM 165 per day</b>		

Thus, as shown in the table above, the participation of a civil servant in the work of a technical assistance project costs BiH taxpayers roughly KM 165 per day. Presented data reflect a realistic cost estimate as official data of this kind are virtually unavailable. If we consider that at least 140 working days of civil servants have been spent each year through various engagements over the last ten years (7 institutions x 1 CS x 20 days = 140 days), we come to the conclusion that the reform activities in the donated project cost BiH taxpayers some KM 230,000. This figure is likely to be somewhat bigger as it does not include numerous study visits for which participants received per diems from their parent institutions. Of course, it should be remembered that this is an estimate of costs in just one of the six reform areas. Thus, we can see that, contrary to popular belief that donor projects are 'free', the participation of civil servants in these projects has its price, which is not negligible.

However, monetary price is not the only price that is paid when one works on reforms. While civil servants engaged in various HRM reform activities are absent from work, their work is done by other people. This type of arrangement places an added burden on the civil servant who acts as a substitute. This, in turn, can have a negative impact on the quality of interpersonal relationships in the institution, as the civil servant who is appointed to act as a substitute is certainly not 'thrilled' with such an arrangement.

Of course, the fact that participation in reform projects entails certain costs does not mean, by any means, that such projects should be abandoned. But, reform efforts must be more effective for the allocated resources to be brought into balance with results.

Before we discuss the issue of total expenditure on the HRM reform in the public administration structures in BiH, it is necessary once more to underline the following:

1. Time is a resource that is irrecoverable once lost. The fact that only 54% of the objectives set under the Revised Action Plan 1 (RAP 1) have been attained to date indicates that the correlation between the time spent and the results achieved is very weak;
2. Domestic institutions involved in reform activities contribute to the realisation of projects mainly by delegating their civil servants to work in project teams, and this has budgetary implications;
3. Developing alternative arrangements to compensate for the absence of people from work can have adverse consequences for the institution such as untimely execution of tasks, decline in staff's motivation, strained interpersonal relationships, etc.

As regards funds spent through donor projects, this report looks at projects in the 2009-2014 period. The data presented below were submitted by the Public Administration Reform Coordinator's Office in BiH (PARCO) and are grouped into three basic categories:

- HRM projects that have been completed;
- HRM projects still in progress;
- HRM projects whose implementation has not started yet, but for which funds have been allocated/budgeted;

**Table 3. Expenditure of funds**

Project Name	Donor/project value (inclusive of VAT)	Status
Training of Civil Servants in ICT Application and Use of Computers	PARF / KM 1,213,424.95	Completed
Development of Performance Management System in the Civil Service Structures in BiH	PARF / KM 760,383.00	Completed
Expanding the Human Resources Management Information System with Software Modules for Personnel Planning and Management of the Internal Labour Market in the Republic Administrative Bodies of RS	PARF / KM 57,587.40	Completed 2,031 395.35
Human Resource Management Information System (HRMIS)	EU (CARDS) / € 448,000.00	Completed
Modernisation of HRM Systems in the Civil Service	EU (IPA 2011) / € 1,769,000.00	In progress (completion: 27/01/2016)
Establishment of Modern HRM Departments in the Administrative Bodies in BiH	PARF / KM 1,594,711.22	Funds allocated (the project has not started yet)
Training of Civil Servants in ICT and Use of Computers	PARF / KM 728,430.30	Funds allocated (project in the public procurement phase)
Building Anti-corruption Capacity of the Civil Service Structures in BiH	PARF / KM 500,000.00	Funds earmarked (project pending approval of project documentation)

Development of E-training for the Civil Service / Public Administration in BiH	PARF / KM 265,990.14	Funds budgeted (project pending approval of project documentation)
Improving and Streamlining Civil Service Recruitment	PARF / KM 500,000.00	Funds budgeted (project pending approval of project documentation)
Improving Training Needs Analysis and Training Impact Evaluation processes	PARF / KM 198.000,00	Funds budgeted (project pending approval of project documentation)
Upgrading HRMIS in the Civil Service Agency of FBiH with Software Modules as a Means to Providing Support to PAR	PARF / KM 210,740.40	Funds budgeted (project pending approval of project documentation)

In the last five years a total of five projects have been implemented in the area of HRM with a cumulative value in excess of KM six million (including the EU-funded project Modernisation of HRM Systems, which will be completed in the next few months). This amount does not include funds invested in the HRM reform through bilateral agreements, as well as funds invested through projects which include a HRM component as part of a broader framework. At the same time, close to KM four million has been allocated for seven new projects, whose implementation is expected in the coming years. Since 2009 donors have allocated on average over KM one million a year for HRM reform activities, and this trend will obviously continue. Although this yearly amount relates to four administrative structures in BiH (state level, entities and the Brčko District), it is still a very large amount which was expected to produce much better results than those actually achieved. As a reminder, only 54% of the objectives in the HRM area defined under RAP1 have been achieved to date.

To summarise: a) the financial support provided by donor projects was more than sufficient; b) human resources involved in reform activities were optimal; c) the results are below expectations. Where is the problem? The crux of the problem lies in the three factors mentioned at the beginning of this document: 1) weak political support for reforms; 2) inefficient reform coordination mechanism; and 3) limited managerial capacity among holders of managerial positions in public administration.

## **CONCLUSIONS**

The HRM reform implemented to date in the public administration structures in BiH has failed to meet expectations in terms of both its scope and depth.

Weak political support for reform remains the number-one problem. Without a serious shift in the political structures' attitude towards the entire public administration reform in BiH, it will not be possible to make any significant progress in the area of human resources management. Besides the lack of political support, the HRM reform is also beset by other problems such as the insufficiently effective coordination system, politicisation of civil service, and the general lack of managerial skills among the existing managerial personnel.

As regards the situation in individual areas of HRM, especially if we look at the 2004-2014 period, there has been some progress, but when this progress is put in the context of time and money, the results simply had to be better.

Being a relatively modern managerial function, HRM is still struggling for its place in the internal organisation of institutions. This effectively means that the term 'personnel affairs' continues to be in much more common use than the term 'human resources management'. Also, in terms of location, HRM is very rarely positioned as a separate organisational unit within the internal structure of the administrative bodies. Instead, it is usually merged into a shared organisational unit together with general and legal affairs.

HR planning system is generally underdeveloped. Planning focuses on the quantitative side, while the qualifications of the necessary human resources are given very little attention. Some progress has been made in a number of administrative structures, but only in terms of bringing stricter discipline to the planning process.

Progress is also visible in the area of analysis and classification of jobs, where there is a continuity of activities since 2008. However, activities undertaken thus far have been more of a test of character and the practice remains legally unregulated. Therefore, the general impression is that the current job descriptions, in terms of their content and structure, do not meet the needs of modern administration.

Recruitment continues to generate most public controversy because citizens have lost confidence in the objectivity and impartiality of those who make decisions about who is the best or who are successful candidates. The testing system needs to be updated so that it is more streamlined, more objective and, what is very important, less expensive. The discretion of the heads of institutions to select one from among a number of successful candidates cannot be unfettered.

The practice of performance monitoring and evaluation has never been properly understood and embraced by managers in the public administration structures. Instead of taking this managerial tool as an opportunity to maximise performance of individuals, the prevailing opinion is that if there is no money for rewards, the whole concept is worthless. The existing performance monitoring and evaluation clearly shows a lack of managerial and leadership skills among holders of managerial positions.

The pay system in the public administration structures is designed to operate on the principle of 'equal pay for equal work'. In nominal terms, that is the case, but the fact that there is no methodologically founded analysis of the content of jobs, as well as their objective evaluation, throws a shadow on the credibility of the above principle.

Progress achieved in the HRM reform would not have been possible without continuing training, study visits and other forms of acquiring new knowledge. Unfortunately, when deciding about who will go to training, managers were generally guided by the desire to maintain 'peace at home'. The process of professional development of civil servants continues to be driven more by supply than demand.

The area of quality management in civil service was included in the reform process as late as 2011, through the process of revising the Action Plan 1 for the Implementation of the Public Administration Reform Strategy. Previous activities were mainly focused on raising awareness about the need to introduce quality standards into public administration. The Public

Administration Reform Coordinator's Office in BiH has created a road map for future action in this area.

Analysis of the information collected from the institutions that were involved in the monitoring shows there are big expectations of the EU-funded project *Modernisation of HRM Systems in BiH*, but the project still includes only 23 pilot institutions.

Overall, the area of human resources management has seen some progress, but this progress is not at all proportionate to the amount of resources expended.

## Annex 1

## OVERVIEW OF INTERVIEWS HELD/QUESTIONNAIRES COMPLETED

<b>NAME OF INSTITUTION</b>	<b>MEETING HELD (YES/NO)</b>	<b>QUESTIONNAIRE COMPLETED (YES/NO)</b>
<b>State level</b>		
Ministry of Justice of BiH	Yes	No
Civil Service Agency of BiH	Yes	Yes
PARCO	Yes	Yes
Ministry of Foreign Affairs of BiH	Yes	Yes
Directorate for European Integration of BiH	Yes	Yes
<b>Federation of Bosnia and Herzegovina</b>		
Ministry of Education and Science of FBiH	Yes	Yes
Civil Service Agency of FBiH	Yes	Yes
Tax Administration of FBiH	Yes	Yes
Ministry of Justice of FBiH	No	Yes
Ministry of Finance of FBiH	No	Yes
<b>Republika Srpska</b>		
Ministry of Public Administration and Local Self-Government	Yes	Yes
Ministry of Finance	Yes	Yes
Ministry of Labour and Veterans Protection	Yes	Yes
Civil Service Agency	Yes	Yes
Public Administration Reform Coordinator	Yes	Yes
Helicopter Service	Yes	Yes
<b>Brčko District</b>		
Department for Administrative Affairs of the BD Government	Yes	No
Sub-division for Human Resources	Yes	Yes
Mayor's Office	Yes	Yes
Directorate for Finance	Yes	Yes
Public Register Department	No	No