

**PUBLIC ADMINISTRATION REFORM MONITORING IN BOSNIA AND
HERZEGOVINA: ANALYSIS OF RESULTS IN THE AREA OF
HUMAN RESOURCES MANAGEMENT (HRM)
2015**

- FINAL REPORT -

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INTRODUCTION

Transparency International BiH has been running the project of Public Administration Reform Monitoring in BiH (PARM) with the support of the Swedish Development Agency (SIDA). This report looks at the progress achieved in 2015, and focuses on the reform area of Human Resource Management (HRM).

From a methodological perspective, the assessment of progress in the implementation of reforms in this area is based on two correlations: 1) the correlation of the activities undertaken with the results achieved; and 2) the correlation of the results achieved with the resources invested. Although data collecting activities for the last year's report showed that obtaining precise indicators for the resources invested was far from easy, TI BiH has decided to retain the parameter 'resources invested' as part of the overall analysis. The logic behind it is simple: information on the expenditure of resources, even when only roughly accurate, still makes it possible to contextualise the results. Dispensing with this parameter would lead to having an achievement – a regulation for instance – adopted as a result of a million-worth project, and the same accomplishment resulting from independent efforts of a single institution (involving minimal expenditure of resources) valued equally.

Principal sources of information on reform activities in 2015 have remained the same as last year. That is to say that this year TI BiH has relied on a combination of the analysis of available reports on PAR in BiH (i.e. PARCO, SIGMA, EU Delegation) and qualitative research involving fifteen institutions at the state and entity levels (i.e. BiH level - 15; FBiH - 15; RS - 15; BD - 1). Unlike last year, this year's research has been more extensive both in terms of the number of institutions that have taken active part (18 institutions in 2014, as opposed to 30 institutions in 2015), as well as in terms of the scope of issues, which have included two additional areas this year: the degree of politicisation of the civil service and the quality of executive/managerial staff in respective institutions.

Essentially, the collected data indicate that there has been intense work on reforms in the field of HRM in 2015, although the final results remain rather limited. A vast majority of activities were initiated and managed by the EU-funded project *Modernisation of Human Resources Management Systems in the Civil Service of BiH (EU-HRM)*. Although project plans envisaged the adoption of a series of new procedures and practices in various HRM areas, very little has ultimately been achieved, primarily due to insufficient political support.

This year, data collection process has once again shown that the representatives of institutions are rather indifferent to PAR and that there is perceptible aversion towards any attempts to obtain data on the implementation of reforms. In an effort to facilitate questionnaire completion for individual institutions, TI BiH organised a workshop in Sarajevo (for the representatives of state-level and FBiH institutions) and Banja Luka (for the RS and Brčko District representatives), but the turnout was rather poor. Out of a total of 46 institutions earmarked for participation in the monitoring process, only 9 took part in the focus group meeting in Sarajevo (28 December 2015). The rest sent in the questionnaires which they had completed independently, or they opted to stay out of the project altogether. While it is true that the interest shown by the institutions directly involved in this area of reform (i.e. for public administration/civil service agencies, competent ministries) can be rated as adequate, the indifference of the representatives of other institutions is worrying. This issue should be seriously addressed by the respective Governments in BiH, since reform solutions devised without the input of those who will need to implement those solutions in practice are usually short-lived.

On this occasion, we would sincerely like to thank all those who have helped us make this report better and more comprehensive.

REFORM MONITORING APPROACH

As already pointed out in the introduction, the *Framework Policy for Development of Human Resources Management in Public Administration Structures in BiH* was taken as the starting point (baseline) in designing a methodology for the implementation of HRM monitoring. This document was developed in 2013 with the support of SIGMA, and was approved at the technical level by the Supervisory Team for Human Resource Management Reform Area. It was launched in March 2014 as part of the EU-HRM Project kick-off conference. The said document lays down common basic principles of the HRM development process in individual public administration structures in BiH.

This document was selected as a frame of reference based on the fact that there is still a vacuum in BiH when it comes to the strategic framework for conducting public administration reforms (including HRM). It is hoped that this vacuum will not last long, since a proposal of the Operational Plan for the development of a new comprehensive PAR strategic framework (until mid-2016) was created in late 2015 through the cooperation of PARCO and SIGMA. If the planned activities are implemented in 2016, there is a real possibility that the next TI BiH's report on reform monitoring will be based on the objectives set in the future PAR strategy for BiH.

It should be noted that during 2015 the Council of Ministers of BiH and the Governments of the Federation of Bosnia and Herzegovina, Republika Srpska and Brčko District adopted the Information on Activities in the Process of Public Administration Reform with Conclusions, thus extending support for the continuation of unfinished activities under the Public Administration Reform Strategy and Revised Action Plan 1 (RAP).

Regarding the information sources for this report, TI BiH primarily relied on the following:

- information submitted in response to the questions in structured questionnaires and interviews with institutions from all four public administration structures in BiH;
- annual report on the work of the PAR Coordinator's Office (PARCO);
- annual progress report of the European Commission on Bosnia and Herzegovina;
- EU-HRM final report

Table 1. Overview of basic information on data collection

| DATA SOURCE | DATA COLLECTION METHOD | NOTES |
|-----------------|--|--|
| PA institutions | Structured questionnaire and interview as necessary / in consultation with representatives of institutions | Fifteen institutions on state and entity levels along with the central Brčko District HRM unit were selected. The main selection criteria were: 1) the relevance of institutions for the HRM reform area and 2) the need to ensure representation of institutions from different sectors and with different number of employees. |

| | | |
|---|-----------------|--|
| PARCO Reports | Report analysis | Analysis was made of the Annual Report of the Public Administration Reform Coordinator's Office January to December 2015. |
| Report of the Delegation of European Commission | Report analysis | Analysis was made of the progress report on BiH for 2015. |
| EU HRM Project | Report analysis | Analysis was made of the final project report. |

RESULTS OF HRM REFORMS

Touching on the subject of public administration reform, the 2015 European Commission (EC) Progress Report for BiH states that BiH is at an early stage of its public administration reform and that there has not been any progress in the past year due to insufficient political support for comprehensive countrywide reform and, among other things, due to politicisation of the civil service sector, which remains a problem. According to this source, human resources management is fragmented and inefficient.¹

The 2015 EC progress report claims have been largely substantiated by the monitoring process. Notwithstanding certain developments in the practice of human resources management, these improvements have neither the scope nor the depth to make a significant impact on the process of modernisation in this area. Below is an overview of the most important activities and results in eight individual HRM areas.

HRM Positioning

The term 'positioning' is to be understood primarily as the location of HRM function in the organisational structure of public administration institutions. In this section we have tried to identify other facts that could complement the picture when it comes to the significance or the status that the HRM function has in certain institutions.

In the case of some institutions which participated in the research for the PARM project, such as the Sector for Personnel Management of the Ministry of Defence BiH, Section for Human Resource Management within the Sector for Human Resources, Legal Affairs, Financial-Material Affairs and Registry of the Directorate for Coordination of Police Bodies of Bosnia and Herzegovina, and the HR Unit of the Department for Human Resources, Training and Financial Affairs of the Civil Service Agency of FBiH, HRM has been recognised as something more than the traditional administrative function of managing human resources, but it has not yet been recognised as a strategic, professional function that allows units/bodies/administrative structures to achieve their goals.

Furthermore, it has been observed that, due to the complex structure of the administrative organisation of BiH, there is a great difference in understanding and implementation of modern human resource management across various bodies and levels of government. In most institutions HRM is still located within the departments/agencies for material-financial, general and legal affairs.

¹ EC Bosnia and Herzegovina 2015 Progress Report p. 9-10,
http://ec.europa.eu/enlargement/pdf/key_documents/2015/20151110_report_bosnia_and_herzegovina.pdf

Larger institutions, such as the Ministry of Defence, have a separate department which deals with HR issues. In practice though, even if the name of a department or a job position contains the term human resource management, operations that are performed as part of the given organisational unit/job position are still predominantly administrative in character and therefore cannot be said to be dealing with key areas of the modern people management system.

It is encouraging that three of the state-level institutions surveyed (The Communications Regulatory Agency - CRA, the Agency for Development of Higher Education and Quality Assurance - HEA, Civil Service Agency - CSA, as well as one institution at the level of FBiH) are currently preparing new *Rules on Internal Organisation and Staffing* and that they expect this process to result in adequate positioning of the HRM function. However, the outcome of these efforts is bound to be influenced by numerous factors, so that the final assessment of the progress in HRM positioning should be given only after gaining insight into the content of the new Rules.

Regarding the invested resources (financial, material, human), the surveyed institutions emphasise delegation of individuals to the EU HRM project (which was aimed at improving the HRM practices and position in public administration) and having people attend relevant training organised by CSA. Not a single institution that was the subject of this study provided data on any financial resources that might have been invested in HRM. This fact serves as a clear indication that HRM is still not considered a strategic function within the institution/public administration body, and that most activities in this matter come as a result of external assistance.

Human resources planning

The practice of human resources planning is an ongoing process that aims to ensure efficient use of each organisation's most important resource - people.

The system of human resources planning in BiH is based on an effort to maintain the existing number of employees. In practice, this means that the number of those leaving service is replaced by an equal number of people hired into service. In this way the practice of human resources planning relies exclusively on a quantitative aspect, while completely disregarding the profile of the staff required (i.e. high-priority staff) from the aspect of the future needs of the institution.

With regard to specific activities in 2015, the practice of human resources planning in the BiH administrative structures has not undergone any significant change. The practice of HR planning in the RS, while flawed, remains closest to the concept of modern HRM planning. At the state level, only 3 out of 11 institutions conducted any activities related to human resources planning, mainly through participation in training courses organised within technical assistance projects (primarily the German Society for International Cooperation - GIZ project and EU-HRM). Only the Ministry of Defence of BiH, through bilateral cooperation with the Norwegian Ministry of Defence, managed to adopt a document *The Policy of Developing the HR Planning Function in the MoD of BiH*, which can be considered as the first concrete step in the process of introducing modern HR planning. A similar step forward has been registered in the case of the Brčko District. In January the Government of the Brčko District adopted a document called *General Principles of Staffing Policy* which designates goals in the implementation of the fundamental principles in this area. Furthermore in June the Government of the Brčko District adopted a conclusion establishing a *Methodology for the Development of Organisational Plans in the Public Administration Bodies in BiH*.

The EU-HRM had the ambition, emulating the experience of Slovenia which has successfully modernised the practice of HR planning, to do the same with the public administration structures in BiH. However, even though the representatives of the institutions that participated in this project had all the necessary technical assistance at their disposal, progress achieved in this area boils down to

the strengthening of individual capacities of those who took part in the seminars and workshops which were organised under this project. Bearing in mind the resources that were available on the one hand and the results achieved on the other, it is not difficult to conclude that in this area a great opportunity to make an earnest step towards a modern practice of human resources planning has been missed.

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 (including the professional qualifications of the job-holder). A thorough job analysis can reveal whether an organisation has a surfeit/shortage of staff, whether there is any duplication of work, how extensive the workload is, 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 adequately classified, so that in practice we often encounter situations where 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 activities (e.g. expert advisors or associates). TI BiH last year's report cites the activities of the state-level Ministry of Justice aimed at standardising job descriptions; however, this process of harmonisation of job descriptions did not include any previous analysis regarding what the staff actually do and what the needs of the institution are.

The project that has come the longest way in efforts to overcome the existing shortcomings during the past year was the EU-HRM project, with its endeavour to introduce a methodology for comprehensive analysis and analytical evaluation of jobs (classification/grading of jobs) in order to improve job descriptions, which provides the foundation for a comprehensive HRM system modernisation.

At the level of FBiH, the EU-HRM project has helped the key stakeholders to draft amendments and modifications to the *Regulation on Core Activities within the Competence of the Civil Service which Are Carried Out by Civil Servants*. These amendments introduce a job analysis methodology, and for the first time, they also establish a competency framework in the FBiH civil service system. The said Regulation was adopted at the FBiH Government session in early February 2016. In a strict sense, this result should not be part of this report, but it is an activity that draws on something that was largely completed in 2015, thus meriting inclusion in this document.

That said, although the abovementioned Regulation introduces the very important practice of job analysis and the concept of competency framework, there are two problems that diminish the significance of this achievement. The first problem is substantive in nature and relates to the fact that the amended Law on Civil Service in FBiH has virtually eliminated merit-based recruitment to the positions of former senior civil servants (i.e. Assistant Heads, Secretaries of Public Administration Authorities and Main Inspectors). In this way, limits are set to the 'reach' of new practices, as they are going to apply only to non-managerial job positions. Another problem is technical, and it concerns the time frame afforded to the administrative authorities of the FBiH to conduct job analysis. The deadline of 30 days (from the adoption date of the Regulation) is objectively too short, especially for administrative bodies with a larger number of employees (50 or more people), if we have in mind that job analysis is conducted with a view to improving job descriptions, which makes it a sensitive and time-consuming process.

At the level of RS, the EU-HRM project team has helped the key stakeholders to introduce the concept of job analysis, a new job grading structure and a job classification system by drawing up certain parts in the new draft of the Law on Civil Servants. Likewise, the EU-HRM project has assisted in the drafting of the *Regulation on Job Analysis and Classification*, as well as the development of standard job descriptions for various categories of civil servants.

At the level of the Brčko District, the Legislative Office of the Brčko District of BiH took the view that the Law on Civil Service does not provide a legal basis for the introduction of job analysis and its regulation in the by-laws; therefore the proposal to introduce job analysis was not accepted.

Recruitment and selection

The process of recruitment involves activities to attract a wide pool of qualified candidates to apply for an open competition. In order for this to work, candidates need to have easy access to the notice of competition, as well as a straightforward and inexpensive way to apply. The selection process begins after the deadline for submitting applications, and includes activities aimed at filtering applications (i.e. separating those who do not meet the formal requirements of the competition), testing the candidates who meet the formal criteria and, finally, employing the highest-scoring candidate.

Analysis of the current situation in the field of civil service employment shows a significantly increased level of politicisation. The reason lies in the fact that very harmful amendments to the Law on Civil Service (LCS)² were adopted at the level of FBiH, but there are indications that a similar scenario is being staged at the state level, as well as in the RS.

In short, the amendments to the LCS FBiH abolish the category of 'senior civil servants' (i.e. based on the amendments to Article 11a of the LCS FBiH, Assistant Heads of Administrative Bodies, Secretaries and Chief Inspectors cease to be civil servants), although these positions remain in the administrative system. This would allow the administration of the FBiH to grow in size by adding some 250-300 people, which threatens to completely discredit the proclamations in the Reform Agenda on the need to create a more cost-efficient public administration.

While on the subject, the official title of the employees referred to in Article 11a LCS FBiH is the 'persons who are not civil servants', which is something of a curiosity in the context of administration. As a rule, definitions of terms in administration generally state what a concept 'is', and not what 'it is not'. The use of the so-called negative definition in this case does not answer the question of which category the employees who are not civil servants belong to.

Regarding the legal/employment status of the persons "who are not civil servants", their mandate is analogous to the mandate of the heads of administrative bodies. If the head of an institution wishes to dismiss one of his assistants or chief inspectors, he/she addresses the proposal for dismissal to the Government of FBiH, whereas the decision on the dismissal of a secretary can be made by the head of the institution on his/her own.

² "Official Gazette of the Federation BiH", No. 102/15 (31/12/2015)

The adopted amendments to the LCS FBiH represent a striking example of the weakening of the civil service through open politicisation, as the former positions of senior civil servants are from now on going to be filled in accordance with the streamlined procedures, thus leaving the heads of administrative bodies ample room to employ those individuals who suit them the most. Without senior civil servants who would be recruited through a competitive procedure based on the principle of merit, the stability and continuity in the work of administrative bodies is jeopardised, particularly in the event of a months-long crisis in government formation. This was additionally pointed out by the EU officials in Brussels³, yet the controversial amendments to LCS FBiH were voted into effect by the ruling majority all the same.

Leaving aside for a moment the harmfulness of decisions made at the state level, it should be remarked that there is both need and room for civil service admission procedures to improve at all levels. The practice of recruitment and selection is still far too reliant on formal qualifications and work experience, while little attention is paid to professional abilities (skills) and competencies. In this HRM area, the EU-HRM project has offered concrete solutions based on the use of competencies in the selection process. In a related move, the CSA BiH has drafted a by-law - *Guidance on the Implementation of the Civil Servants Recruitment Process in the Institutions of BiH*, which should come into force in 2016. It envisages a verification of competencies in the selection procedure for civil servant positions. Having said that, it is important to mention that seven training sessions on the subject of Using the Competencies Framework in the process of hiring civil servants in BiH institutions have been held with the assistance of the EU-HRM project in 2015.

The EU-HRM Project has also developed a *Concept for Conducting Entrance Interviews in the Public Competition Procedure in the Administrative Bodies of RS*, which elaborates on the way interviews are conducted during the selection procedure. Here too, emphasis is placed on the structured interview based on the newly-developed framework of competencies. If these solutions were to be integrated into appropriate regulations, it would certainly represent a positive step forward.

As for the Brčko District, the practice of candidate selection in open competitions remains a problem, since the acceptance of a candidate for employment is decided by a three-member selection committee, where two of the committee members are assigned by the recruiting body. In this manner, the head of the given institution (holding the exclusive right to appoint the said two members) has an easy way of influencing the final outcome by appointing a 'trusted' person, which leaves room for suspecting potential manipulation. Unfortunately, this potential manipulation in the selection of candidates for jobs in BD overshadows the positive example set by the introduction of a scoring practice for reference letters which candidates submit in their application. Reference letters, if authentic and coming from relevant people, are a solid source of information about the candidate, and their use in the hiring process should be welcomed.

During 2015, in cooperation with the EU-HRM project, training was provided to more than 100 members of the BD Employment Committee in accordance with the new Law on Civil Service and Employment Regulations.

Finally, in addition to strengthening the capacity of civil servants and employees working on recruitment and selection (so that they can make objective judgments of the candidates in the recruitment process), it is necessary to look into every possibility in order to finally initiate the

³ More about the letter sent to the FBiH officials by Jean Eric Paquet, the Director for Western Balkans at the Directorate-General for European Neighbourhood Policy and Enlargement Negotiations, can be found at: <http://www.federalna.ba/bhs/vijest/144897/paquet-pisao-novalicu-i-predsjedavajucim-oba-doma-pfbih>

practice of recording oral interviews. This would increase the transparency of the recruitment process, which would in turn have positive impact on the professionalism and independence of the Competition Committee. Of course, those candidates who feel they have been wronged in the selection process would be allowed access to the entire audio-video recording of the interview, as well as the written work of other candidates.

Performance monitoring

Performance monitoring involves activities through which the manager seeks to maximise the performance of his/her subordinates in order to help them meet targets and ensure professional development.

Work performance is monitored out of a necessity to ensure efficient functioning of individuals, while rewards and sanctions follow accordingly. However, in the BiH context the purpose of performance monitoring and evaluation is almost completely reduced to the rewarding or sanctioning of individuals. Since it is not possible to allocate funds for material rewards due to chronic budgetary restrictions, the overall sustainability of the system is compromised. Procedures are carried out *pro forma* and managers generally avoid antagonising anybody. The final result of such an approach is an inordinately high number of employees who are awarded the highest grade.

Clearly, additional steps will need to be taken in order for the existing management structures in BiH administrative bodies to understand the true purpose of this tool and to accept the fact that this practice gives managers an opportunity to maximise productivity of the people they manage.

The data from the completed questionnaires indicate that the process of evaluation of civil servants is carried out in line with the current regulations and, with the exception of regular training organised by the Civil Service/Administration Agency, no particular activities in this area have been specified.

Compensation for work

The only activity in this segment cited by respondents at the state level is the proposed *Law Amending the Law on Salaries and Remunerations in the Institutions of BiH* which pertains to police officers in the Intervention and Support Unit, as well as the employees in the Sector for International Operative Police Collaboration. These amendments are pending and their adoption is expected in 2016.

In addition to the above, CSA FBiH states that in 2015 changes were made to the *Regulation on the Method of Establishment and Determination of the Amount of Compensation for Operations of the Working Bodies Established by the Government of the Federation BiH and Heads of the Civil Service* ("Official Gazette of Federation BiH", Nos. 48/14, 77/14, 97/14 and 58/15). These changes have brought about a reduction in the amounts allocated as compensation.

The most recent amendment in Article 9 of the Regulation ("Official Gazette of FBiH", No. 58/15) institutes the following changes:

- (1) A member of the permanent working body of the Government shall be entitled to monthly compensation in the amount of KM 200 (instead of the previous 350) on the condition that at least one meeting of the working body was held during the given month, and that he/she attended the session.
- (2) A member/deputy member of a coordinating body at the level of Bosnia and Herzegovina, as well as a member of an implementation team in projects being carried out in Bosnia and Herzegovina, who was appointed to that position by an act of the Government of the Federation of Bosnia and Herzegovina, shall be entitled to quarterly compensation in the amount of KM 200 (instead of 350), on the condition that at least one meeting of the body he was nominated for was held in the given period, that he/she attended the session, and that he/she submitted a report (quarterly/semi-annual/annual) to the Head of the authority or to the Government regarding the situation falling within the purview of the body to which he/she was appointed .
- (3) A member of a provisional working body of the Government shall be entitled to compensation following the adoption of the report referred to in Article 6 of this Regulation, in one lump sum which shall not exceed KM 200 (instead of 350), as determined by the Government, upon the proposal of the chair of the working body, depending on the complexity of the area for which the working body was set up, field-work requirements, diversity of areas covered, workload and the number of meetings held.
- (4) A member of a permanent working body of the FBiH authority or service shall be entitled to monthly compensation in the amount of KM 200 (instead of 350) on the condition that during the given month at least one session of the working body was held, and that he/she attended the session.
- (5) A member of a provisional working body of the FBiH authority or service shall be entitled to compensation, following the adoption of the report referred to in Article 6 of this Regulation, in one lump sum which shall not exceed KM 200 (instead of the previous 300) as determined by the head of the authority, upon the proposal of the chair of the working body, and depending on the complexity of the area for which the working body was set up, workload, number of meetings held, working overtime or on non-working days while preparing materials falling within the Committee's remit.

Article 12, paragraph 2 of the Regulation has also been amended and pertains to the members of the Council for Science at the Ministry of Education and Science of FBiH, to whom the regulation does not apply in the part which refers to the number of members, the manner of reporting and determining the right to remuneration and the amount thereof, with the proviso that the amount of compensation cannot exceed KM 350 instead of the previous KM 500.

The EU-HRM project has been active in this field. The project team has tested the methodology for analytical assessment of jobs in the civil service of the Government of BD, the results of which may be used in developing a salary system and the Law on Salaries. As part of the development of a methodology for analysis and analytical job assessment in the Brčko District, a total of 45 jobs have been analysed. As already stated in the section on analysis and analytical job assessment, the Legislative Office of Brčko District of BiH was of the view that the Law on Civil Service does not provide a legal basis for the introduction of an analysis of jobs and its regulation in the bylaws, and therefore the proposal to introduce job analysis was not accepted.

Professional development

Continuous training and professional development of civil servants is a key factor in the efficient functioning of any institution. Although training is the most commonly used means of continuing professional education, it should be taken into account that there are numerous other types of professional development, such as mentoring, self-study, various kinds of study visits and other similar ways of acquiring competencies.

Public administration structures in BiH have reported a large number of professional training activities held over the past year. The final EU-HRM report cited a figure of 600 civil servants who had undergone various HRM training programmes through seminars, workshops, conferences, round tables and study visits. Furthermore, instructors/trainers at all four administrative levels have received training, and are now entrusted with the task of spreading the knowledge within the civil service of BiH.

In their questionnaire responses, little less than half of the institutions referred to specific activities - among other things, preparation and/or approval of training plans and participation in technical assistance programs. Thus the CSA RS prepared and adopted the *Framework Plan for the Training of Civil Servants in the Public Administration of the Republika Srpska* for 2015-2018. This plan is expected to result in a greater number of targeted training activities.

CSA FBiH reported the launch of an electronic training attendance application form, which facilitates the application process as well as saves time and materials in training preparation. The said institution has also conducted a survey with its employees in order to analyse training needs and prepare a proposal for an optimal plan for professional training and development of civil servants and employees of CSA FBiH.

On the whole, the activities of most individual institutions are reduced to attending training sessions organised by the central HRM institutions. There is still no practice of verifying the effectiveness of training through improved work efficiency. This is a practice based on an earnest approach to the evaluation of work, which is unfortunately not the case in the civil service structures in BiH.

Total quality management

Total quality management (TQM) is a concept grounded in the effort of an institution to provide high-quality services to end users by fostering a responsible attitude towards work and the way it is organised. Even though the PAR in BiH was for the first time introduced in BiH through the RAP 1 (2011), a lot of respondents from BiH institutions were not familiar with this concept or any actions taken in this regard.

During this reporting period, PARCO continued cooperation with the German Society for International Cooperation (GIZ) in preparing a framework for the introduction of TQM. In its 23rd session held on 15 September 2015, the Council of Ministers adopted the Annual Report on the Realisation of the Agreement on the Implementation of the Programme of Strengthening Public Institutions in BiH - Phase II, between the PARCO and the GIZ, along with the conclusions related to supporting further activities in introducing the proposed TQ model into BiH institutions (CAF and models based on ISO 9001: 2008 system), drafting a framework planning document for the introduction of quality

management in the institutions of BiH and coordination of its implementation, as well as reporting. Following the conclusions adopted at a conference "Quality Management - an Instrument for Better Public Administration" organised in cooperation of the Coordinator's Office, GIZ and the European Institute of Public Administration (EIPA) which was held on 27 October 2015 in Sarajevo, a Memorandum of Understanding for Establishment of Cooperation in the Field of Quality Management was signed by the Coordinator's Office, the Institute for Standardisation of BiH, and GIZ.

In the submitted questionnaire, the CSA FBiH reported conferences held in November 2015 in Sarajevo, organised by PARCO and ReSPA, as well as regional working groups for quality management systems in the public administration of the Western Balkans, organised by ReSPA on the subject of potential application of quality systems in the public sector.

Only three state-level institutions submitted answers to the questions in the chapter on TQM regarding the undertaken activities, and all the activities were related to their partnership with the GIZ on the project of strengthening state institutions.

RESOURCES INVESTED IN HRM REFORM

As already pointed out in the introductory section of this document, the results achieved in the process of HRM reform in the BiH public administration structures need to be put into perspective in relation to the resources invested. This primarily refers to financial resources, although it should be noted that the reform process also entailed the engagement of human resources in the form of civil servants who participated in different projects, as confirmed by the institutions involved in this study.

When participating in the work of technical assistance projects, institutions typically delegate one person, although depending on the relevance of the project activities two or more people may be appointed.

The PARM Project Report for the HRM Area which TI BiH prepared for the 2012-2014 period offered a detailed analysis of the costs incurred by the participation of government officials in donor projects, both in terms of time and money. For the purposes of this report it should be repeated that civil servants cannot be reimbursed by the organisations which run the projects for their work in these projects, yet their participation in the projects engenders certain direct and indirect costs. Direct costs are related primarily to the per diems paid out by the institution to civil servants every time they are engaged in activities outside of their usual place of work. Indirect costs are related to the fact that these civil servants continue to receive their regular income while being absent from their workplace. This means that even though the projects are implemented mainly through donor funds, the participation of civil servants in their implementation, from the tax-payers' point of view, is not cost-free.⁴

To be sure, pointing out the costs incurred by the involvement of civil servants in technical assistance projects is no way meant to discourage the practice of relying on the knowledge and experience of civil servants in the reform process. Quite the contrary. Projects are necessary, as they have always been a key lever in the reforms, just as it is necessary to involve civil servants in the implementation

⁴ Transparency International in BiH, Public Administration Reform Monitoring in Bosnia and Herzegovina: Analysis of Results in the Area of Human Resources Management (HRM) in 2013-2014, Sarajevo, March 2015, p. 15

of these projects. However, the output of technical assistance projects has to increase. The primary problem is not in the character of the projects nor the people who implement them, but the lack of support from the political representatives in power. In fact, all the important project objectives involve changes to regulations, which simply cannot be accomplished without the support of the ruling structures.

BiH citizens have every right to be dissatisfied with the pace and scope of reforms, since they need a professional and efficient administration both as direct beneficiaries (through the issuing of identity documents, licences, certificates, etc.) and as potential candidates for jobs within the administrative structures. They also need it as a structure that will encourage foreign investors to invest their capital in BiH and improve the living standard of all citizens by creating new jobs. It is therefore very frustrating for citizens to see a two-year EU-HRM project, for example, which cost nearly € 1.8 million (exclusive of any costs engendered by the engagement of civil servants) result in 600 people trained and two or three new bylaws.

At the same time, a review of the status of the public administration reform projects in the area of human resource management in 2015 (according to the Annual Report on Work of the Public Administration Reform Coordinator's Office January - December 2015), exposed sluggishness in implementing the procedures necessary to initiate projects. Namely, out of the seven projects listed in last year's report, as well as projects pending approval, only one made any headway - it is the project of Building Anti-corruption Capacity in Civil Service Structures in BiH, which has recently had its technical documentation approved and which is now in the procurement stage. All other projects set to be financed from the Public Administration Reform Fund (PARF) have retained the same status as in 2014. The table below shows basic information on the projects planned and completed:

Table 2. Basic information on projects planned and completed

| PROJECT | DONOR | STATUS |
|--|-----------------------------------|---|
| Modernisation of HRM Systems in the Civil Service | EU (IPA 2011) / € 1,769,000.00 | Completed (27 January 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 in Civil Service Structures in BiH | PARF / KM 500,000.00 | Funds allocated (project in the public procurement phase) |
| Development of E-training for 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 earmarked (project pending approval of project documentation) |
| Improving Training Needs Analysis and Training Impact Evaluation Process | PARF / KM 198,000.00 | Funds earmarked (project pending approval 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 earmarked (project pending approval of project documentation) |

CONCLUSIONS

The totality of HRM reforms enacted in the civil service structures of BiH up to and including 2015 have fallen short of expectations in terms of their scope and reach.

The main problem in the HRM reform remains weak political support, lack of an efficient system of coordination, politicisation of civil service, as well as a general lack of managerial skills among the existing management structures. Last year saw a particularly conspicuous trend of further politicisation of civil service, both in terms of adopting extremely harmful amendments to the LCS FBiH, and the drafting of similar legislative provisions at the state level and in RS.

The recruitment process continues to cause the most controversy in public, since citizens have lost confidence in the objectivity and impartiality of those who make decisions in the selection of the best or the most successful candidates. It is necessary to ensure, through new legislation at all levels in BiH, that clear selection criteria are instituted, based on a competency framework and fully respecting of the merit principle.

Professional development of civil servants is probably the only area that could get a passing grade. Training activities are conducted in continuity, although they would be reduced to the learning of foreign languages and computer skills were it not for the influence of technical assistance projects. Training needs analysis has also become a mere formality.

Activities in the field of TQM to date have been mainly focused on raising awareness about the need for the government to introduce standards of quality, but the results of monitoring have not shown any significant improvement in the awareness of HRM staff in individual institutions.

Overall, there has been some progress in the area of human resources, but that progress is in great disproportion with the invested resources. In support of the said statement the EC Progress Report on BiH for 2015 stresses that the stakeholders in the reform process should ensure the implementation of an efficient system of human resources management.

OVERVIEW OF QUESTIONNAIRES COMPLETED / MEETINGS HELD

| NAME OF INSTITUTION | QUESTIONNAIRES COMPLETED (YES / NO) | MEETING HELD (YES / NO) |
|---|-------------------------------------|-------------------------|
| State Level | | |
| Ministry of Justice of BiH | NO | NO |
| Civil Service Agency of BiH | YES | NO |
| PARCO | YES | NO |
| Ministry of Foreign Affairs of BiH | NOT | NO |
| Directorate for European Integration of BiH | YES | NO |
| Ministry of Defence | NOT | NO |
| Ministry of Civil Affairs | YES | NO |
| Ministry of Finance | NO | NO |
| Ministry for Human Rights and Refugees | YES | YES |
| Communication Regulatory Agency (CRA) | YES | NO |
| Central Harmonisation Unit (Ministry of Finance and Treasury of BiH) | YES | NO |
| Directorate for Coordination of Police Bodies of BiH (Ministry of Security BiH) | YES | NO |
| Market Surveillance Agency of BiH | YES | NO |
| Agency for Development of Higher Education and Quality Assurance of BiH | YES | NO |
| Agency for the Prevention of Corruption and the Coordination of the Fight Against Corruption of BiH | YES | NO |
| Federation of Bosnia and Herzegovina | | |
| Ministry of Justice of FBiH | YES | YES |
| Ministry of Finance of FBiH | NO | NO |
| Ministry of Education of FBiH | NO | NO |
| Civil Service Agency of FBiH | YES | NO |
| Tax Administration of FBiH | YES | NO |
| Ministry of Agriculture, Water-management and Forestry of FBiH | YES | NO |
| Ministry of Displaced Persons and Refugees of FBiH | NO | NO |
| Ministry of Health of FBiH | NO | NO |
| Ministry of Physical Planning of FBiH | YES | NO |
| Banking Agency of FBiH | NO | NO |
| Agency for Privatisation in FBiH | NO | NO |
| Directorate for Commodity Reserves of FBiH | NO | NO |
| Administration for Geodetic and Real Property Affairs of FBiH | YES | NO |
| Securities Commission of FBiH | YES | NO |
| Public Health Institute of FBiH | YES | NO |

| Republika Srpska | | |
|--|-----|-----|
| Civil Service Agency of RS | YES | NO |
| Ministry of Administration and Local Self Government | YES | NO |
| Ministry of Finance | NO | NO |
| Ministry of Labour and Veterans Protection | YES | YES |
| Helicopter Service of RS | YES | YES |
| Ministry of Agriculture, Forestry and Water Management of RS | NO | NO |
| Ministry of Health and Social Welfare | NO | NO |
| Ministry for Refugees and Displaced Persons | NO | NO |
| Ministry of Justice of RS | YES | NO |
| Ministry of Spatial Planning, Civil Engineering and Ecology | YES | NO |
| Banking Agency of RS | NO | NO |
| Ministry of Family, Youth and Sports | NO | NO |
| Administration for Geodetic and Real Property Affairs | YES | NO |
| Administration for Inspection Affairs | YES | NO |
| Agency for Development of Small and Medium Enterprises | YES | NO |
| Brčko District | | |
| Human Resources Unit | YES | NO |