

Project Fiche – IPA Annual Action Programme 2007 for Bosnia and Herzegovina
Social Sector Functional Review

1. Basic information

1.1 CRIS Number:

1.2 Title: Social Sector Functional Review

1.3 ELARG Statistical Code: 01.19 –Social Policy and Employment

1.4 Location: Bosnia and Herzegovina

Implementing arrangements:

1.5 Contracting Authority (EC)

Delegation of the European Commission to Bosnia and Herzegovina

1.6 Implementing Agency:

IEC Delegation and the company to be selected following International Call for Tender

1.7 Beneficiary (including details of project manager):

The primary beneficiaries of this project are the BiH Ministry of Civil Affairs and Ministry for Human Rights and Refugees, and other responsible ministries at different levels which have overall responsibility for the social sector related issues.

Mr. Mustafa Alikadic, Secretary with Special competencies MHRR and SPO

Financing:

1.8 Overall cost: 500.000 Euro

1.9 EU contribution: 500.000 Euro

1.10 Final date for contracting: N+2

1.11 Final date for execution of contracts: N +4

1.12 Final date for disbursements: N + 5

2. Overall Objective and Project Purpose

2.1 Overall Objective:

More efficient and improved quality delivery of social security services to in BiH.

2.2 Project purpose:

The purpose of the project is to further support the minority and vulnerable groups concerns in particular public services, legislative matters and socio-economic development.

2.3 Link with AP/NPAA / EP/ SAA

This is covered by priority three of European Partnership document – Public Administration Reform. It is also covered by Article 100 of the draft SAA.

2.4 Link with MIPD

Social inclusion is one of the political priorities of the MIPD.

2.5 Link with National Development Plan (where applicable)

The Medium Term Development Strategy 2004-2007 (MTDS) is the first document that was harmonized and accepted by all local stakeholders. (As emphasized in the MTDS 2004-2007¹ “there is not a single programme for the social protection of citizens of BiH and the state level. The MTDS provides an overview of the current situation in social sector and gives priority measures that are focused on improvement of social protection system in BiH.. The MTDS gives a general framework for further development of the social protection system with very general qualifications, thus leaving a lot of room for different interpretations.

- establish a more adequate system of social protection to ensure a minimum of social rights and a more balanced distribution of social assistance for all categories of the poor in the entire country;

The policy goals of the governments of FBiH and RS are to:

- create a modern legislative framework, which would promote human and social rights, in accordance with the undertaken international standards, programme

2.6 Link with national/ sectoral investment plans(where applicable)

n/a

3. Description of project

3.1 Background and justification:

The State of BiH is the central authority but has only limited and specific powers whereas the two Entities are politically, administratively and financially largely fiscally autonomous. Brcko District, while being responsible directly to the State, also has significant autonomy.

Entities have their own respective constitutions and hold all responsibility not expressly assigned to the State by the Constitution of BiH (including in this case, social security). Attempts to streamline the public administration, improve its capacity and rationalise spending have resulted in the adoption of the “Public Administration Reform pledges” for all levels of Government. The BiH and the entity level governments adopted these pledges on 28th March 2003 during the Peace Implementation Council Steering Board. The five pledges contained in the document (organisation, funding, staff, procedures and public services) outline a process, which was intended to lead to the implementation of a comprehensive reform strategy for the public administration sector as of mid 2005. Unfortunately significant delay has been encountered.

Initiatives that have contributed to the identification of strategic priorities for social policy in BiH, such as the MTDS and a Social Policy Conference and Social Policy Round Table², identified three main characteristics of the social protection reform in BiH: **de-institutionalization, decentralization, and welfare mix**. In summing up, the key shortage of

¹ EPPU (2006) Mid Term Development Strategy BiH 2004 - 2007 (PRSP): Revised document. Sarajevo

² IBHI - BiH (2006). Social Policy Conference; IBHI - BiH (unpublished) The Social Policy Round Table, 07 April, 2006

the social protection reform is the lack of clear vision of the whole reform, non existence of policy paper at the state level, the lack of identification of carriers of the reform process and the lack of defined instruments for its design and implantation within the very complex structure of BiH social protection system that would support the individuals/groups to overcome their vulnerable and economic fragile situation and to protect them against discrimination and promote social inclusion

Bearing in mind the complex situation in the social sector (the division of responsibilities into 14 ministries for matters such as social policy, health and education and the absence of a single interlocutor and a single set of standards to be used to ensure equality of treatment to its citizens in terms of social protection) a Functional Review is necessary and essential for future proper functioning of institution(s) responsible for sectoral issues.

Current state of affairs in the relevant sector

Social, economic and political factors (such as poverty, unemployment, low income, illiteracy, the low social status of women, war, migration, etc.) affect the quality of life and standard of individuals and populations. Bearing in mind complexity of BiH social, political, and economic status over the last 15 years in BiH the needs of population have been significantly changed. Poverty is one of the biggest causes of increased vulnerability and social exclusion. Almost one fifth of BiH population falls below the poverty line, an additional 30% are just above the poverty line. The estimated number of poor people in BiH is 680,000. Estimates of unemployment vary from 16.4 to 43.6%³ depending on the criteria used. In particular unemployment rate is high among youth.

Being a transition country, the necessity for the social policy reform in BiH is emphasized in almost all discussions and documents tackling issues of social welfare of either local or international institutions. It is recognized that reforms in the management of social policy are necessary or further development of an efficient and equitable social protection system that meets EU standards, particularly within the context of Stabilization and Association Agreement (SAA).

As pointed in the "BH Social Protection System Review" the key stakeholders in BiH social protection system include the following: government and state structures (respective ministries), statutory social protection services (e.g. CSW, social protection institutions, etc.), statutory health care services (e.g. Community Mental Health Centers), education institutions (e.g. universities), civil society organizations/non-governmental organizations, international organizations, private sector, local community service users.

According to the constitutional structure (Dayton Agreement) of BiH the social policy is a responsibility of entity Ministries,(Ministry of Health and Social Protection of RS and Ministry of Work and Social Protection of FBiH, and Brčko District Government Department of Health and Other Services). Within this administrative setup the social protection system strongly relies on statutory services, centres for social work and a range of residential care facilities. Residential care institutions include: institutions for children deprived of parental care, institutions for persons with special needs, institutions for elderly people, and

³ EPPU (2006) Mid Term development Strategy BiH 2004 - 2007 (MTDS): Revised document. Sarajevo

institutions for adults with disabilities. An added complication is that within the Federation most responsibilities have been delegated to Cantons.

Centres for social work have the key role in the social protection system in BiH, and are responsible for implementation and service delivery of different social protection programmes. Social services and institutions are responsibility of municipalities and/or cantons, and as such they are administered and financed by the entity in RS and cantons in FBiH.

The current institutional structure hinders the effective management of social policy.

Social protection funding in BiH faces serious deficiencies. In general, the distribution of public revenues for social protection is not ensured in accordance with the real needs of the beneficiaries. Due to differences in the entity laws and the fact that all citizens are not ensured equal rights or an equal financial amount for this right. The social protection cash transfer system is heavily dominated by measures to protect veterans. Social and child protection programmes are severely underfinanced and provide a highly uneven coverage across the country.

For both entities, the social insurance system provides pensions (old-age, disability and survivor), unemployment benefits and health insurance. Hence, spending on social protection extremely varies in different cantons in FBiH and different municipalities. In FBiH, social programmes (apart from the Law on the Rights of Veterans and their Family Members) are financed through cantonal budgets. However, these budgets depend on the economic strength of the canton. In RS, most of the social programmes are financed from the municipal budgets. Unfortunately, in some cases certain municipalities (under developed ones), do not pay out benefits for certain entitlements. Also, a Children's Fund exists in RS, which is financed through payments of benefits from the personal income of employees and RS budget.

The social, economic and political factors (such as poverty, unemployment, low income, illiteracy, the low social status of women, war, migration, etc.) affect the quality of life and standard of individuals and populations. Bearing in mind complexity of BiH social, political, and economic status over the last 15 years in BiH the needs of population have been significantly changed.

Social assistance is an important factor in reducing poverty: the current assistance is equal to some 17% of GDP in BiH. Transfers to households comprise the largest share – around 15% of GDP. One in five inhabitants is a recipient of social assistance in some form. This assistance comprises around 11% of total household spending. For some 13% of the polled, the assistance is the shield from sliding into poverty, because for that group it increases spending by 50% on average. Many households in BiH receive some form of assistance, but less than half of the poor households are covered by these programmes. Compared with other countries in the region, social assistance in BiH was unequally distributed between vulnerable groups and has limited effect to reduction of general poverty level in the country.⁸⁰ As previously mentioned, the existing social assistance system favours one group in relation to others, thus the total social transfers are not equally shared between all those in need of such assistance.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact (where applicable)

It is anticipated that the project will provide the BiH administration with the tools to develop a more rational system of social security delivery to its most needy citizens, avoiding wastage in the administrative process and allowing more of the sector's resources to be channelled to those most in need.

3.3 Results and measurable indicators:

A completed functional review, which is of sufficient depth and quality to influence the direction and prioritisation of the PA reform process and to focus resources accordingly. The Review shall be compatible with other similar reviews thus enabling comparative analysis.

To achieve this result a number of activities shall need to be conducted and specific related outputs delivered. Refer to activities and outputs below.

3.4 Activities:

Through this project, a 'vertical' analytical review of the function PA in the BiH social sector will be conducted. The review shall encompass all levels of Government and institutions. The review shall comprise all essential functions ranging from policy formulation and strategy, competencies of legislation formulation and enactment, to implementation and enforcement.

The Project shall be conducted in 3 Phases:

PHASE I – Inception phase.

The Inception phase shall be of 4 weeks duration or less if possible.

During this period the Project shall establish itself, review its task and the project environment and develop its strategy and methodology. The project shall define itself through its Inception Report, which will require the approval of the ECD prior to continuance of the project activities [also refer to the 'boxed' note above].

PHASE II – Review phase.

Following the approval of the Inception Report the project shall commence with implementing its data gathering and analysis work in accordance with the adopted methodology. This also will also encompass activities/events designed to ensure the favourable involvement of the Review by the leaders of the reform process in BiH.

PHASE III – Delivery phase.

The final phase will involve activities to deliver the completed Review. This will include delivery to the responsible Ministries in BiH and European Commission Delegation (ECD) of the final output and final report but shall importantly include activities/events designed to disseminate its conclusions and recommendations to a broader base of stakeholders.

Specific activities

The specific activities shall be defined by the Project during the inception period and shall be subject to the approval of the Inception Report by the Local authorities and ECD. In this manner the contracted expertise has the opportunity to make its considered proposal for the optimum strategy and methodology for the achievement of the objective. Given below are

activities and outputs, which the ToR anticipates, will be necessary but these are provided as an indication of the nature of the project work and the full list and description of the activities required to fulfil the objective shall be proposed by the Project itself in the inception report.

PHASE I – Inception phase.

- Participation in Methodology Workshop and adoption of methodology.
- Preparation and submission of Inception Report

PHASE II – Review phase.

- Analysis of institutional/organisational structure, identification of mandate/functional weaknesses, gaps, overlaps, procedural efficiencies etc. including;

Gathering relevant information (legislation defining the tasks that the organisations in the sector, strategic or working plans published by the sector, organisational charts and rulebooks for the institutions under review, budgets of the institutions under review, annual reports on performance produced by the sector, etc.):

Assessment of the assigned competencies across different levels of government in the sector through the analysis of the constitution, pertinent legislation and other relevant sources;

Review of mandates and functions of the responsible institutions in the sector;

Assessment of the compatibility of the institutional structure with the constitutional mandates at different levels of government;

- Analysis of the efficiency of the budgetary demands of the PA in the sector.

Review and analysis of 2005 and 2006 budgetary allocations with specific focus on current and capital expenditure per institution;

Assessment of the financial viability of the examined institution;

- Recommendations on the restructuring/reallocation of expenditure to match the tasks of different institutions in the most cost-effective manner.

- Analysis of the Human Resource characteristics of the PA including assessment of the strength of the capacity relative to the demands of the sector.

Analysis of the organizational structure and staffing of each institution, scope and method of its work, in order to assess adequacy of respective institutions to fulfil their functions

Assessment of human resource capacity to perform the functions of a given institutions

Analysis of educational needs of the staff and recommendations for skill building programme.

- Participation in regular co-ordination meetings at request of Local Authorities and ECD

- Development of conclusions and recommendations

Provide recommendations on how to improve the vertical distribution of functions between the institutions at different levels of government in the Sector. The recommendations should include:

Elimination of functions performed by the institution(s) for which no justification can be found in its constitutional mandate and/or which no longer benefit the sector;

Reduction of duplications of functions between the institutions responsible in the field of sector policy and administration (also between units of a given institution);

Development of government functions relevant for the reform of the sector towards EU standards but lacking in BiH;

Budgetary reallocations required for the implementation of the restructuring plan and for the improvement of cost-effectiveness

PHASE III – Delivery phase

- Presentations/workshops with stakeholders

Final Presentation to ECD

3.6 Conditionality and sequencing:

There is no formal conditionality required to carry out this project. Nevertheless in order to be fully effective, any follow-up will require to have the agreement of the responsible authorities

3.7 Linked activities

Ensuring the success of the SAA process through further improving the functioning of the public administration lies at the heart, and is one of the key objectives, of the European Partnership (EP) for BiH.

3.8 Lessons learned

Project idea comes from the previous projects financed by international community (Functional Review of the Return sector and BH social Protection System review carried out by the EC , DIFID etc.), and it takes into account MTDS strategic priorities and objectives (Points 1.2, 2.1, 2.2.1.1 and 2.2.1.2 of MIPD).

The functional review carried out by the EC for the return sector highlights the need for a state-level institution dealing with social exclusion. Over the period from 2001-2006, the EU alone (not counting individual Member States contributions) spent over 91 million Euros on the return of refugees and displaced persons. In particular, the Functional Review recommends the transformation of the MHRR into a Ministry with responsibility for social affairs and, building on its acquired experience, the development of policy for defending interests of all vulnerable people and groups in BiH rather than just refugees and IDPs, however, there does not appear to be a political consensus in favour of such a change, although nearly all involved at professional level agree that this would be necessary.

4. Indicative Budget (amounts in €)

	TOTAL COST	SOURCES OF FUNDING									
		EU CONTRIBUTION				NATIONAL CONTRIBUTION			PUBLIC PRIVATE		
		Total	% *	IB	INV	Total	% *	Central	Regi onal	IFI	Total
Activities											
Functional	500,000	500,000		x							

review of Social Sector												
TOTAL	500.000	500.000										

* expressed in % of the Total Cost

5. Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Functional Review of the Social Sector	Q1/2008	Q3/2008	Q2/2009

All projects should in principle be ready for tendering in the 1ST Quarter following the signature of the FA

6. Cross cutting issues (where applicable)

In the framework of the EU integration processes, it is important for BiH to adapt its social protection systems to the new economic situation and new social needs. In drafting a development strategy for social welfare in FBiH and RS, which includes social protection, protection of families with children, protection of civilian victims of war, employment, pension and disability insurance, displaced persons, veterans' and invalids' protection, it is necessary to start from basic human rights, as a set of principles, standards and norms, the objective of which is to ensure decent living conditions for dignified and comprehensive development of individuals.

The inclusion of all vulnerable categories (children, young people, women pensioners, minority groups including Roma etc) in the provision of basic education, health, child protection services and other social protection rights is at the centre of the project to ensure children's, women's and other categories of vulnerable people increased and genuine participation in decisions affecting their lives.

ANNEXES

- 1- Log frame in Standard Format
- 2- Amounts contracted and Disbursed per Quarter over the full duration of Programme
- 3 - Reference to laws, regulations and strategic documents:
 - Reference list of relevant laws and regulations
 - Reference to AP /NPAA / EP / SAA
 - Draft SAA

Article 100
Social co-operation

The Parties shall co-operate to facilitate the reform of the employment policy in Bosnia and Herzegovina, in the context of strengthened economic reform and integration. **Co-operation will also seek to support the adaptation of the social security system of Bosnia and Herzegovina to the new economic and social requirements**, and may involve the adjustment of the legislation in Bosnia and Herzegovina concerning working conditions and equal opportunities for women, for people with disabilities and for people belonging to minority groups as well as the improvement of the level of protection of the health and safety of workers, taking as a reference the level of protection existing in the Community.

Co-operation will take due account of priority areas related to the Community *acquis* in this field.

Reference to MIPD

1.2 - Objectives of pre-accession assistance

- Community assistance will support Bosnia and Herzegovina to fulfil its obligations towards returnees, minorities and vulnerable groups, including children.
- 2.2.1.2 A policy promoting the social inclusion of returnees, minorities, children and disabled persons will be adopted and there will be visible progress on its implementation.
- 2.2.1.3
- Implementation of the Public Administration Reform action plans, modernisation and streamlining of the entire public administration through institution and capacity building and reform of the human resources management. This includes the support to the BiH Government to develop and implement sectoral strategies and EU integration strategies

Reference to National Development Plan

Reference to national / sectoral investment plans

Exact citations from the respective documents.

4- Details per EU funded contract (*) where applicable:

The company to implement the review will be selected following the Service Tender.

The experts profile should be:

Key expert 1:

Long-term international expert – Return sector specialist

1) Qualifications and skills

- A university or postgraduate degree, preferably public or business management and administration or related fields.
- Demonstrated analytical skills;
- Well developed interpersonal and mediation skills;
- Fluency in both written and spoken English.

2) General professional experience

- A minimum of ten years of professional experience, preferably working with and/or public administrations (regional and/or national governments);
- Demonstrable management experience.

3) Specific professional experience

- Experience of providing technical assistance to Governments in fields related to the return of refugees and DPs; and working with the various levels of Government in designing and implementing reform processes.
- Demonstrable experience of providing Technical Assistance preferably in Candidate Countries;

Preference will be given to candidates who were engaged in conducting reviews of public administration.

Key expert 2:

Long-term international expert – Public Administration Reform

1) Qualifications and skills

- A degree in one of the following areas: public policy, public administration, business management or related area;
- Demonstrated analytical skills;
- Well developed interpersonal and mediation skills;
- Fluency in both written and spoken English.

2) General professional experience

- A minimum of ten years of relevant professional experience, preferably within public administration.

3) Specific professional experience

- Preference will be given to candidates who were engaged in conducting reviews of public administration;
- Preference will be given to candidates who can demonstrate sizable experience in the field of public sector organisational management.

Key expert 3:

Long-term local expert: Legal Expert

1) Qualifications and skills:

- A law university degree;
- Excellent interpersonal and mediation skills;
- Well developed analytical skills;
- Fluency in both written and spoken English.

2) General professional experience

- At least five years of professional experience in the field of legal advice, etc.;
- Specific professional experience;
- Knowledge and practical understanding of the operation of public administration and the mechanism of government of BiH;
- Previous experience of working with EC funded projects would be an advantage.

3) Specific professional experience

- Demonstrable experience of the legislative, regulatory and institutional specificities of BiH, preferably in the return sector.

The Long-term local expert will closely work with the Team Leader in carrying out the projects' activities.

Key expert 4:

Long-term local expert – Public Administration

1) Qualifications and skills:

- Relevant university degree;
- Extensive knowledge of public administration in BiH;
- Familiarity with the concepts of good governance and its operationalisation in the public administration;
- Excellent interpersonal and mediation skills;
- Well developed analytical skills;
- Fluency in both written and spoken English.

2) General professional experience:

- Five years of relevant professional experience in the following areas: public administration, academic/research capacity and/or international organisations.

3) Specific professional experience:

- Demonstrable experience of the legislative, regulatory and institutional specificities of BiH.

ANNEX 1: Logical framework matrix in standard format

LOGFRAME PLANNING MATRIX FOR Project Fiche		Programme name and number	
Functional review of Social Sector		Contracting period expires:31 st December 2009	Disbursement period expires :31 st December 2010
		Total budget : 500.000 Euro	IPA budget: 500.000 Euro
Overall objective	Objectively verifiable indicators	Sources of Verification	
More efficient and improved quality delivery of social security services to in BiH.		<ul style="list-style-type: none"> • Reports from independent international organisations eg. from the World Bank • Reports from BiH governments 	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
The purpose of the project is to further support the minority and vulnerable groups concerns in particular public services, legislative matters and socio-economic development	<p>Number of those concerned and in need reduced;</p> <p>Public expenditure for administration involved in the sector reduced and streamlined</p> <p>More effective and cost efficient assistance provided to those in need</p>	<ul style="list-style-type: none"> • Reports from various ministries and related departments (Social care centres etc) • Reports from International organisations (World Bank, DFID) • 	<p>Support to the Public Administration Reform process by BH Authorities</p> <p>Co-operation of the institutions under review as well as the beneficiary institutions</p>
Results	Objectively verifiable indicators	Sources of Verification	Assumptions
A competed functional review to influence the direction and prioritisation of the PA reform process, and compatible with other similar review thus enabling comparative analysis.	Responsiveness and cost of service delivery	<ul style="list-style-type: none"> • Report produced as a result of review 	<p>Political resistance towards institutional streamlining, especially in respect to potential downsizing measures and budgetary reallocations or possible transfer of responsibilities</p> <p>Insufficient interest or obstruction</p>

			from the recipient institutions to provide necessary information.
Activities	Means	Costs	Assumptions
PHASE I – Inception phase.	Review will be done by the company selected following service tender	500.000 Euro	Pre conditions
Participation in Methodology Workshop and adoption of methodology.			BiH Government commits to a reform strategy BiH Government supports the formation of the Social Policy/Ministry by providing financial resources in line with the adopted budgets, office space and human resources
Preparation and submission of Inception Report			
q Analysis of institutional/organisational structure, identification of mandate/functional weaknesses, gaps, overlaps, procedural efficiencies etc. including;			
Gathering relevant information (legislation defining the tasks that the organisations in the sector, strategic or working plans published by the sector, organisational charts and rulebooks for the institutions under review, budgets of the institutions under review, annual reports on performance produced by the sector, etc.):			
Assessment of the assigned competencies across different levels of government in the sector through the analysis of the constitution, pertinent legislation and other relevant sources;			
Review of mandates and functions of the responsible institutions in the sector;			
Assessment of the financial viability of the examined institution;			

Recommendations on the restructuring/reallocation of expenditure to match the tasks of different institutions in the most cost-effective manner.			
Analysis of the Human Resource characteristics of the PA including assessment of the strength of the capacity relative to the demands of the sector.			
Analysis of the organizational structure and staffing of each institution, scope and method of its work, in order to assess adequacy of respective institutions to fulfil their functions			
Assessment of human resource capacity to perform the functions of a given institutions			
Analysis of educational needs of the staff and recommendations for skill building program.			
Participation in regular co-ordination meetings at request of BiH Authorities and ECD			
Development of conclusions and recommendations			
Provide recommendations on how to improve the vertical distribution of functions between the institutions at different levels of government in the Sector. The recommendations should include:			
Elimination of functions performed by the institution(s) for which no justification can be found in its constitutional mandate and/or which no longer benefit the sector;			
Reduction of duplications of functions between the institutions responsible in the field of sector policy and administration (also between units of a given institution);			

Reduction of duplications of functions between the institutions responsible in the field of sector policy and administration (also between units of a given institution);			
Development of government functions relevant for the reform of the sector towards EU standards but lacking in BiH;			
Budgetary reallocations required for the implementation of the restructuring plan and for the improvement of cost-effectiveness			
PHASE III – Delivery phase			
Presentations/workshops with stakeholders and Final presentation to ECD			

ANNEX II: amounts (in €) Contracted and disbursed by quarter for the project?

Contracted	1st Quarter 2008	2 nd Quarter 2008	3 rd Quarter 2008	4 th Quarter 2008	1 st Quarter 2009	2 nd Quarter 2009	3 rd Quarter 2009	4 th Quarter 2009
Contract 1.1	0.5 million							
Total	0.5 million							
Cumulated	0.5 million							
Disbursed	1st Quarter 2008	2 nd Quarter 2008	3 rd Quarter 2008	4 th Quarter 2008	1 st Quarter 2009	2 nd Quarter 2009	3 rd Quarter 2009	4 th Quarter 2009
Contract 1.1		0.4 million			0.1 million			
Total		0.4 million			0.1 million			
Cumulated		0.4 million			0.5 million			

