

IPA National Programme 2011 – Bosnia and Herzegovina

1. Identification

Project Title	Strengthening Public Financial Management
CRIS Decision number	
Project no.	2
MIPD Sector Code	1. Public Administration Reform
ELARG Statistical code	01.32 Political criteria / Financial Control
DAC Sector code	15111 Public finance management
Total cost (VAT excluded)¹	EUR 4 227 777
EU contribution	EUR 4 000 000
Management mode	Centralised
EU Delegation in charge	Delegation of the European Union to Bosnia and Herzegovina
Implementation management	Delegation of the European Union to Bosnia and Herzegovina
Implementing modality	Stand alone project
Project implementation type	C01
Zone benefiting from the action(s)	Bosnia and Herzegovina

2 The overall objective and purpose of the project

2.1 Overall objective

To strengthen the capacity of public financial management

2.2 Purpose of the project

To improve the Treasury management in Bosnia and Herzegovina; to construct a single database of public revenue in the Ministry of Finance of the Federation BiH; to strengthen capacities for public debt management,

2.3 Link with AP/NPAA/EP/SSP

¹ The total project cost should be net of VAT and/or of other taxes. Should this not be the case, clearly indicate the amount of VAT and the reasons why it is considered eligible.

In the European Partnership (EP) with BiH 2008 among its key and short term priorities it is specifically mentioned that the Public Administration Reform (PAR) strategy should be implemented and that the macroeconomic stability should be strengthened by ensuring a sustainable fiscal stance and using prudential policy instrument for maintaining financial stability.

Among the medium-term priorities is the improvement of the management of public finances through a faster, more efficient and reliable data processing.

The Stabilisation and Association Agreement (SAA) Art 111 underlines the importance of further development of an efficient and accountable public administration.

The first three components of this project will strive to address these objectives.

2.4 Link with MIPD 2011 - 2013

The following objectives have been identified in the MIPD:

"Adopt and implement the legal framework for public procurement and public financial management in compliance with EU standards"

Indicator: Budget and expenditure control measures strengthened

2.5 Link with the National Development Plan

BiH has prepared a country development strategy (CDS) and a social inclusion strategy which will serve as basis for the national development plan. Both strategies and the related action plans remain to be adopted by the Council of Ministers. The proposed CDS goals and priorities are strengthened macroeconomic stability, sustainable development, competitiveness, employment, EU integration and social inclusion.

2.6 Links with national / sectoral investment plans

The State-level and Entity Strategy Papers on implementation and development of Public Internal Financial Control (PIFC) in the Public Sector, highlight that for an effective functioning of the financial management and control, it is essential that the organization has significant, reliable and timely information at its disposal. Information is needed throughout the organization to set goals. All relevant information must be identified, collected and communicated in an appropriate form through the organization.

3 Project Description

3.1 Background and justification

Component 1 - Strengthening of the treasury at the state and Entities level

The introduction of the treasury system in BiH dates back to 2000 when the Payment Bureau was abolished. Supported by USAID, the establishment and development of the treasury businesses was conducted in phases using Oracle as a platform. In the 1st phase a computerized system of budget transactions at the level of budget Entities and the State-level was established. The 2nd phase expanded the treasury operations at the local level in the Entities while taking into account the different management structure of the Entities. In the Federation (FBiH), the treasury system was implemented at Cantonal level, while Republika Srpska (RS) began the process of introducing local treasuries (municipalities and cities).

Currently, 42 budget users of FBiH and 30 budget users of the Institutions of BiH are not directly (on line) connected with the Treasury of the Ministry of Finance and Treasury and the

FBiH Ministry of Finance. Entering of transactions into the treasury system is done through filling in forms by the budget users. This is a slow and complicated process of reporting, in particularly when preparing consolidated statements. Therefore, it is necessary to expand the treasury businesses to all budget users of the FBiH and BiH institutions to offer them a more efficient and transparent management of public funds.

The project "Introduction of the Treasury in municipalities of Republika Srpska" foresees the implementation of treasury operations in 2 cities and 61 municipalities to better manage public funds. The basis for that project is the provision of Section 19 line 1 Memorandum on Economic and Financial Policies (MEFP) IMF from 22.07.2005, where inter alia is stated: *"... treasury operations which applies in all Cantons and some municipalities of the RS will be expanded to all municipalities within three years in order to facilitate budget management"*.

In addition, the basis for the implementation of the project stems from the implementation of the current legislation regulating this area as spelled out in Annex IV.

The RS Ministry of Finance so far has successfully implemented the project in Banja Luka city and in 36 municipalities as follows:

- 2002: establishment of treasury system for users of RS budget. Only the bigger budget users (about 10 direct connections) had direct access to the treasury application. Data entry for other budget users was proceeded through treasury branches - 12 branches
- 2004: pilot project of implementation of treasury operations in four RS municipalities: Prijedor, Doboj, Derventa and B.Brod.
- 2006-2007: establishment of direct connections for users of RS budget - established over 100 direct connections
- 2007: Implementation of local treasury in Banja Luka and eight RS municipalities: Bijeljina, Laktaši, Čelinac, Kotor Varoš, Šipovo, Prnjavor, Kozarska Dubica, Novi Grad.
- 2009: project implementation of local treasuries in 24 RS municipalities: Gradiška, Kneževo, Mrkonjić Grad, Srbac, Petrovo, Teslić, Kostajnica, Jezero, Oštra Luka, Ribnik, Vlasenica, Zvornik, Milići, Ugljevik, Modriča, Šamac, Vukosavlje, Osmaci, Bratunac, Donji Žabar, Lopare, Pelagićevo, Srebrenica and Šekovići.
- 2010: improvement of the system of the treasury operations in RS and 37 municipalities - implementation of the new chart of accounts.

The implementation of new functionalities in RS, -which are related to the budgetary control on the cash level, fund accounting, reporting on a cash and accrual basis, accounting in foreign currency, reverse an entry, treasury operations, fixed assets, receivables, consolidate financial statements for the RS and municipalities-, represents a step forward towards establishing a modern accounting system to all levels of the RS government.

Another aspect of strengthening the treasury system relates to the establishment of a Disaster and Recovery (DRS) system. The introduction of the DRS system will provide data protection from the treasury system in the event of a disaster, increase readiness and operability of DRS and response time to a catastrophic situation, and reduce time to unavailability, the possibility of failure or loss of data from the system. To form a safe and secure treasury system it is needed to develop a Disaster Recovery Plan (DRP), which would further define the implementation of the DRS.

All three ministries of finance need to analyze and determine the risks related to system outages, the impact of downtime on business and professional operations and possible damage caused by interruption of the system, and on that basis determine a backup strategy.

Component 2 - Construction of a single database of Public Revenue in the Federation of BiH

Building a unified database of public revenues in FBiH aims at strong networks based on the databases in Cantons and the design of a centralized system with the server, database and applications within the FBiH Ministry of Finance (FMF). This system will contain updated information on all payments and allocation of public revenues in FBiH presented in a standardized form acceptable to all budget users and potential users of this information in FBiH. Designing and building a unique database consists of several individual steps which provide the minimum technical requirements for successful functioning of the Unique Database PIX:

- *Rehabilitation of servers and databases in the Cantonal Ministries of Finance (KMF)*
- *Building a WAN connection and connecting each Canton in the network with FMF*
- *Design and development of a single base in the FMF*

Component 2.1 - Rehabilitation of servers and databases in the Cantonal Ministries of Finance (KMF)

During the transfer of domestic payments from the SDK -Payment Institute to the commercial banks in 2001, servers and applications were installed in KMF. Then deposit accounts of public revenues were opened in the commercial banks and a database of payments and allocation of public revenue, since then they are within the KMF, within the application for allocation of public revenues according to the Law on Public Revenue in FBH.

Given the relatively long period of work with the same hardware and software, the whole system has become unsafe and unreliable with high risk of slowdown, permanent failure or fatal loss of data on transactions from the database. Therefore it is urgent to replace servers and to do a system upgrade of old long-outdated versions of Software and introduce new functionalities.

Component 2.2 - Construction of PIX network and connecting of all Cantons into the net with FMF

Servers and applications in KMF are currently not publicly available and have no connection to the Internet. Data is entered only in the local network and the lack of access to data outside of the local network is the main reason of isolation and inaccessibility of data about transactions in any KMF, for all budget beneficiaries whose incomes are in the database. The current implementation of a system of collection and distribution of public revenue provides budget users the transfers of associated public income but not availability to information about payments and taxpayers. The distribution of the base to 10 KMF also prevents complete insight and reporting on their total public revenue by type of revenue, municipalities, Cantons, etc..

It is therefore necessary to build a unique new database (PIX) which will be synchronized with KMF bases and maintain an acceptable accuracy of databases so that end-users at "one-place" have all information consolidated in a form that is easy to use and search. The same decision would preserve the security of KMF database, which is still denied public access and there are no risks of corruption bases, illegal access and similar.

Component 2.3 - Design and development of a unified database - PIX, in the FMF

The best solution to a unique database of payments and allocation of public revenues in FBH is the creation of a separate central installation with a server, applications and a database of

payments of public revenue - PIX. All data from the KMF are consolidated in one place, updated and easily accessible to many potential users.

The database is regularly full - updated with information on new payments of public revenue from KMF. In addition to data on payments of public revenue, there is a transfer of data on income distribution, in accordance with the Law on Public Revenue. The data is used by different government institutions, agencies and ministries as necessary and with prior approval of the FMF. The FMF is the logical choice for the location of the PIX system and administration of the whole database, and requires few additional staff. From installation and start work, 10 years ago, the application servers for receiving payments and distribution of public revenues in KMF created about 150 million transactions deposit / allocation of public revenues. At the same time they handled a total sum of transactions around 50 billion KM (25 billion Euros).

Component 3 - Strengthening Public Debt Management Capacity

The Public debt portfolio is usually the largest financial portfolio in a country, which contains complex and risky financial structures and can cause significant risk to the overall balance and financial stability of countries and Entities. Good governance and good risk management structure of public debt is essential as it can reduce exposure to risks (funding, liquidity and operational and credit risks). The current economic crisis emphasizes the need for the development and application of good practices of public debt and risk management to reduce the vulnerability of the domestic economy to the economic and financial shock.

BiH made significant progress in developing key elements of public expenditure management including the management of public debt. The complexity of the institutional set-up of BiH caused different degrees of decentralization of public debt management. In terms of external borrowing, where the nature of work requires a certain degree of centralization, the mechanism of borrowing is regulated by the Constitution of BiH, the Entities' Constitution and relevant state and Entity laws. The initiative for borrowing can be made in the Council of Ministers by all levels of government and public enterprises through the relevant line ministries. Domestic debt is completely decentralized and exclusive competency of each government level.

Therefore, building capacity of civil servants working in sectors related to debt management through the introduction of modern techniques and processes of public debt management (planning and management public debt as well as techniques of risk management assessment) is of particular importance to improve the quality of analysis and reporting of public debt.

One aspect of the training will be ESA 2010 statistics of public debt and the manner of reporting for the proper filling of tables and their interpretation in the Economic and fiscal program BiH submits each year to the European Commission. In addition, technical assistance will contribute to making a detailed analysis of the weaknesses and limitations in the current process of debt management at all government levels forming the basis for a strategy for this sector with a detailed plan of necessary interventions.

3.2 Assessment of project impact, catalytic effect, sustainability and cross border impact

The expansion of the treasury business through equipping and providing training to those budget users who have not had a direct connection to the IT system of the Treasury of FBiH and the institutions of BiH, the implementation of local treasuries in the remaining RS municipalities and the implementation of new functionality in the RS will contribute to timely and reliable reporting and monitoring use of funds and budgetary outcomes.

Thereby the transparency and accountability for budget execution would significantly increase, and accurate and timely information in the budget planning process and decision making

would be ensured. In addition, cost savings from economies of scale would be provided and unnecessary activities / duplication in the management of daily transactions eliminated, enabling sharing of resources for data processing and exchanging, facilitating data consolidation and consolidated fiscal monitoring. Budget users will be connected to the Treasury IT which will enable independent financial management and reporting, thus contributing to the sustainability of the project.

Constructing a single database of public revenue in the FBiH Ministry of Finance will provide a comprehensive overview of public revenues in FBiH, contributing to greater transparency in planning and monitoring of budget execution, better analysis and planning budget both the revenue and expenditure side, a better and more efficient reallocation of indirect taxes (better targeting allocation), strengthening the fiscal base and fiscal discipline (tax payment).

Efficiency of debt management is determined by the mode of organization of its management, using appropriate tools and techniques to manage and use the best methods and procedures for debt management. The capacity building component for debt management will contribute to gain knowledge and skills of civil servants working on debt management at all government levels to apply appropriate tools and management techniques to preserve financial stability and to ensure the sustainability of public debt. The preparation of a needs analysis for further improvement of the debt management process at all government levels has a catalytic effect.

3.3 Results and measurable indicators

Component 1 - Strengthening of the treasury at the state and Entities level

Result 1.1 DRS system for Treasuries at Entity and State-level is implemented;

Result 1.2 Staff of ministries of finance at Entity and State-level trained to maintain and manage DRS;

Indicators related to R 1.1+1.2:

→ Implementation of DRS for all three Ministries of finance to TEST and PROD application performed by the end of six quarter of project implementation;

→ A minimum of 30 people from the Ministry of Finance (State and Entity level) have received training to maintain and manage DRS

Result 1.3 Under the existing Oracle platform the local treasury operations (general ledger, procurement, liabilities and claims) for each municipality - the city of East Sarajavo and 25 RS municipalities implemented:

Result 1.4 Budget users who had no direct connections to the Treasury IT system within FBiH and BiH Institutions and the remaining RS 25 municipalities and the City of East Sarajevo equipped for independent financial management and reporting;

Result 1.5 Number of staff of budget users who had no direct connections to the Treasury IT system within FBiH and BiH Institutions trained to use the Treasury system.

Indicators related to R 1.3-1.5:

→ Implementation of the local treasury to TEST and PROD application performed by the end of fifth quarter of project implementation;

→ At least 50 people from BiH Institutions which are newly connected to the IT of Treasury have received training to work on treasury operations;

→ At least 80 people from institutions that are connected to IT of Treasury in FBiH have received training to deal with treasury operations;

Result 1.6 Treasury system in RS improved by implementation of new functionality within the existing Oracle platform (fixed assets and stocks, foreign exchange accounting, fund accounting, accounting on a cash and accrual basis)

Indicators related to R1.6:

- New functionality implemented in the TEST and PROD environment by the end of sixth quarter of project implementation;
- At least 10 people from the IT department of RS Ministry of Finance have received training to administer and maintain a database of new applications;
- At least 30 people from RS Ministry of Finance and local communities have received training to work on new applications (training of trainers).

Component 2 - Construction of a single database of Public Revenue in the Federation BiH

Result 2.1 Technical infrastructure in FMF for the administration of public revenues strengthened;

Result 2.2 Insight and information on total public revenue (by type and location) in real time for all government levels in FBiH provided;

Result 2.3 The advantages of a single database of public revenue in the FMF presented at Entity and Cantonal levels.

Indicators related to R2.1-2.3:

- On-line connection with the Cantons established by the end of sixth quarter of project implementation;
- Expanded application implemented in the TEST and PROD environment by the end of seventh quarter of project implementation;
- At least two workshops organized for the presentation of a unified database within the last quarter of project implementation.

Component 3 - Strengthening Public Debt Management Capacity

Result 3.1 Knowledge on public debt planning and management improved and applied;

Result 3.2 Technical infrastructure in the ministries of Finance and Brcko District (BD) for monitoring and reporting of public debt strengthened;

Result 3.3 Analysis of the needs for further improvement the debt management processes at all levels of government performed.

Indicators related to R 3.1-3.3:

- At least 30 people from the debt management sector in the ministries of finance (State and Entity level and BD) attended all trainings;
- Two-day workshops organized (one in Sarajevo and one in Banja Luka) for presenting the best practices related to the debt statistics and accounting and for presenting the recommendations for further improvement of the debt management.

3.4 Activities

Activities A1.1.1., A1.1.2., A1.1.4., A1.1.5., A1.2.1., A1.2.2., A1.3.1., A1.4.1., A1.4.2., A1.4.4., A1.5.1., A1.5.2., A1.6.1., A1.6.2., A1.6.3., A1.6.4., A1.6.5., A2.1.1., A2.1.3., A2.2.1., A2.2.2.; A2.3.1.) will be implemented through a service contract.

Activities A1.1.3., A1.4.3., A2.1.2., A3.2.1. will be implemented through supply contracts.
Activities A3.1.1., A3.1.2., A3.1.3., A3.3.1. will be implemented through a service (TA) contract.

Activities related to the result 1.1 - DRS system implemented for the treasuries at State- and Entity level:

- A1.1.1** Analysing and drafting the detailed plan for implementation of DRS within Treasury of BiH Institutions and FBiH and analysing and updating the existing plan for the implementation of DRS for RS;
- A1.1.2** Development of technical specifications related to the provision of conditions for the establishment of DRS;
- A1.1.3** Procurement of equipment and software to implement the DRS;
- A1.1.4** Works needed to ensure the functionality of the DRS
- A1.1.5** Testing the functionality of DRS.

Activities related to the result 1.2 - The staff of ministries of finance Entity and State-level trained to maintain and manage DRS:

- A1.2.1** Preparation of documentation for the maintenance and administration of the DRS;
- A1.2.2** Completing the training program and delivering the training for the maintenance and administration of the DRS to the beneficiaries target groups.

Activities related to the result 1.3 - In the existing Oracle platform local treasury implemented (general ledger, procurement, claims and liabilities) for each municipality - the city of East Sarajevo and 25 municipalities of the Republika Srpska:

- A1.3.1** Necessary extension of Oracle applications settings for implementation of new local treasuries.

Activities related to the result 1.4 - Budget users who had no direct connections to the IT system of the Treasury in the FBiH and BiH institutions and the remaining 25 municipalities in the RS and the City of East Sarajevo equipped for independent financial management and reporting:

- A1.4.1** Necessary upgrades to existing routers and server platform within the Ministries of Finance (State and Entities) for additional users;
- A1.4.2** Assistance in the preparation of technical specifications for procurement of equipment (with software license) in connection with the expansion of treasury system to all budget users;
- A1.4.3** Procurement of equipment (network equipment and computers) with a software license for the additional budget users in FBiH, BiH Institutions and for the 25 municipalities and the City of East Sarajevo in RS;
- A1.4.4** Oracle license for new users.

Activities related to the result 1.5 - Budget users who had no direct connections to Treasury IT system within the Federation of BiH institutions and trained to use the treasury system:

- A1.5.1** Implementation of the expanded treasury at budget users who had no direct connection with the Treasury in the FBiH and BiH Institutions and local treasuries in the RS on the TEST application and functionality testing;
- A1.5.2** Development of training programs and delivering the training for newly connected budget users to work in treasury system for the FBiH and BiH Institutions.

Activities related to the result 1.6 - *Treasury system in the RS promoted by the implementation of new functionality within the existing Oracle platform in the RS (fixed assets and stocks, foreign exchange accounting, fund accounting, accounting on a cash and accrual basis):*

- A1.6.1** Upgrading the application and database to a larger version to make it usable to all users of the treasury system in the RS (institutions at Entity and municipality level);
- A1.6.2** Implementation of new functionalities;
- A1.6.3** Testing the new functionalities and their verification;
- A1.6.4** Development of training programs and delivering the training of Ministry of Finance staff for new functionalities;
- A1.6.5** Training for IT staff in the RS Ministry of Finance to maintain the database of new applications.

Activities related to the result 2.1 - *Strengthened the technical infrastructure in FMF for the administration of public revenues:*

- A2.1.1** Assistance in preparing technical specifications for procurement of necessary equipment;
- A2.1.2** Procurement of equipment and licenses to upgrading of existing Oracle applicative platforms;
- A2.1.3** The formation of communication network.

Activities related to the result 2.2 - *Insight and information on total public revenue (by type and location) in real time for all levels of government in the FBiH provided:*

- A2.2.1** Upgrading existing applications (opening and on- line linking applications to other users);
- A2.2.2** Testing the expanded application;

Activities related to the result 2.3 - *The advantages of a single database of public revenue in the FMF presented at the Entity and Cantonal level:*

- A2.3.1** Workshops for the Cantons to present the expanded application

Activities related to the result 3.1 - *Knowledge of planning and management of public debt improved and applied:*

- A3.1.1** Preparing and delivering training program related to planning and managing of public debt in line with ESA 95 methodology with emphasis on good practice.
- A3.1.2** Presentation of the best practices related to debt statistics and accounting.
- A3.1.3** Preparing and delivering training program related to risk assessment and management;

Activities related to the result 3.2 - *The technical infrastructure in the ministries of Finance and DB for monitoring and reporting of public debt strengthened:*

- A3.2.1** Supply of servers, computers and other equipment;

Activities related to the result 3.3 - *Analysis of the need for further improvement of the process of debt management at all levels of government performed:*

- A3.3.1** Analysis of weaknesses and constrains of existing debt management processes at all levels of government and make recommendations for their elimination;

3.5 Conditionality and sequencing

For the implementation of DRS the Ministries of Finance (State and Entity level) have to determine the physical location for the backup and recover as well as the backup method. Implementation of the new functionalities in RS can only start after the implementation of the DRS and the introduction of local treasuries. Implementation of new functionality would apply to all users of the treasury system operations (RS and municipalities). The realization of other project components have no condition and can be parallelly implemented.

3.6 Linked activities

The implementation of this project, which aims at improving the technical basis for the strengthening of public finances in BiH, achieves synergy with the implementation of the following projects:

- **DFID project (2005-2010)** „ Strengthening Public Expenditure Management in BiH“ Phase II approved process of budget planning and preparation at all levels, introducing and enforcing the process of „Budget Planning in 10 Steps“ and introducing basic concepts of program budgeting. Phase III aims to further institutionalise and strengthen medium term budget planning and preparation. Furthermore, provides TA to civil society agencies and Parliaments in terms of training in adequate analysis and reporting on budget process.
- **IPA 2007 project** “Development and implementation of overall BiH PIFC strategy” designed to strengthen the financial control environment of public administration which ends in April 2012.
- **IPA 2009 project** “Capacity building for the compilation of accounting data within the General Government and statistics of public finance” whose purpose is to support the ministries of finance of the state and the Entities and Brcko District Directorate in providing sound and inter-institutional harmonized data on public finance on the basis of accrual accounting in accordance with international, especially EU principles, standards and practices which will end in the beginning of 2014.
- **IPA 2010 project** “Coordination of policy making capacities and public financial management” with the purpose of improving the quality of fiscal policy and the links between policy makers and budgeting procedures and strengthening the PIFC system which should start early 2012.

3.7 Lessons learned

One important lesson learned from previous assistance in public finance reform efforts is that ownership is best ensured if all actors addressed by the reform are continuously consulted and involved in the process. Therefore, intensive presence of expert advisers who are familiar with the operational procedures of the beneficiaries will need to be ensured at the beneficiary institutions (Ministries of Finance at State and Entities level).

The intensive coordination and comprehensive cooperation between institutions at both State and Entity level in the phases of project identification and formulation strongly determined the ownership of the project. This project proposal is the result of such cooperation. The Ministries of Finance expressed their needs for IPA intervention which minimises potential conflicts of interest and facilitates cooperation of interest groups.

4. Indicative Budget (amounts in EUR)

			TOTAL EXP.RE	SOURCES OF FUNDING								
				IPA COMMUNITY CONTRIBUTION		NATIONAL CONTRIBUTION					PRIVATE CONTRIBUTION	
ACTIVITIES	IB (1)	INV (1)	TOTAL EUR (a)=(b)+(c)+(d)	EUR (b)	%(2)	Total EUR (c)=(x)+(y)+(z)	% (2)	Central EUR (x)	Regional / Local EUR (y)	IFIs EUR (z)	EUR (d)	% (2)
Activity (A1.1.1.; A1.1.2.; A1.1.4.; A1.1.5.; A1.2.1.; A1.2.2.; A1.3.1.; A1.4.1.; A1.4.2.; A1.4.4.; A1.5.1.; A1.5.2.; A1.6.1.; A1.6.2.; A1.6.3.; A1.6.4.; A1.6.5.; A2.1.1.; A2.1.3.; A2.2.1.; A2.2.2.; A2.3.1.)	X		1 550 000	1 550 000	100							-
Contract 1 [Service]	X		1 550 000	1 550 000	100							-
Activity (A1.1.3.; A1.4.3.; A2.1.2.; A3.2.1.)		X	2 277 777	2 050 000	90	227 777	10	56 932	170 845			-
Contract 2.1. [Supply]		X	2 050 000	2 050 000	100							-
Contract 2.2. Supply (Institutions of BiH)		X	56 932			56 932	100	56 932				
Contract 2.3. Supply (FBiH)		X	117 677			117 677	100		117 677			
Contract 2.4. Supply (RS)		X	53 168			53 168	100		53 168			
Activity (A3.1.1.; A3.1.2.; A3.1.3.; A3.3.1.)	X		400 000	400 000	100							
Contract 3 (TA)	X		400 000	400 000	100							
TOTAL IB			1 950 000	1 950 000	100							
TOTAL INV			2 277 777	2 050 000	90.0	227 777	10.0	56 932	170 845			
TOTAL PROJECT			4 227 777	4 000 000	94,6	227 777	5,4	56 932	170 845			

5 Indicative Implementation Schedule (periods broken down per quarter)

Contracts	Start of Tendering	Signature of contract	Project Completion
Contract 1- Service	Q1/2012	Q2/2012	Q2/2014
Contract 2.1.- Supply (EU)	Q3/2012	Q4/2012	Q2/2013
Contract 2.2.- Supply (Institutions of BiH)	Q3/2012	Q4/2012	Q2/2013
Contract 2.3.- Supply (FBiH)	Q3/2012	Q4/2012	Q2/2013
Contract 2.4.- Supply (RS)	Q3/2012	Q4/2012	Q2/2013
Contract 3- Service	Q1 2012	Q2 2012	Q4 2012

6 Cross cutting issues

6.1 Equal Opportunity

Based on the fundamental principles of promoting equality and combating discrimination, participation in the project will be guaranteed on the basis of equal access regardless of sex, racial or ethnic origin, religion or belief, disability, age or sexual orientation.

6.2 Environment

The project will not have any negative environmental effects.

6.3 Minorities

Participation in the project activities will be guaranteed on the basis of equal access regardless of racial or ethnic origin, religion or belief, disability, sex or sexual orientation.

This project is also relevant in terms of equal opportunities (as one of cross cutting issues described in section 6.1). It has increased cooperation on gender-sensitised statistics among local and international stakeholders (state and Entity statistical and gender institutions, SCB, UNECE, WB, and UN Agencies) to improve production, analysis, and dissemination of sex-disaggregated statistics for the purpose of social and economic analysis.

ANNEXES

- I Log frame in Standard Format
- II Amounts contracted and Disbursed per Quarter over the full duration of Programme
- III Description of Institutional Framework
- IV Reference to laws, regulations and strategic documents
- V Details per EU funded contract

ANNEX I: Logical framework matrix

LOGFRAME PLANNING MATRIX		IPA National Programme 2011 – Bosnia and Herzegovina	
		Fiche 3: Public Financial Management	
		Contracting period expires: Three years following the date of conclusion of the Financing Agreement	Disbursement period expires: One year following the end date for the execution of contracts
		Total Budget: EUR 4 227 777	IPA budget : EUR 4 000 000
Overall objective	Objectively verifiable indicators	Sources of Verification	
To strengthen the capacity of public administration in Bosnia and Herzegovina	<ul style="list-style-type: none"> Faster, more efficient and secure data processing; Greater transparency and data coverage in various stages of budget formulation and implementation. 	EU progress report for BiH; Ministries of finance (state and Entity level) consolidated annual reports; EFP, Audit Authority (state and Entity level) Reports. Publications, websites	
Project purpose	Objectively verifiable indicators	Sources of Verification	Assumptions
To improve the Treasury management in Bosnia and Herzegovina; to construct a single database of public revenue in the Ministry of Finance of Federation BiH; to strengthen capacities for public debt management	<ul style="list-style-type: none"> Safe and stable treasury system All budget users at the level of BiH Institutions and the FBiH and all budget users at all levels of government in the RS capable of independent financial management and reporting. Improving quality and transparency in reporting at various stages of formulation and implementation of the budget. Strengthening the fiscal base; Achieving the comprehensiveness and greater transparency in the exercise and allocation of public revenues at all levels of government in the FBiH. The improved structure of public debt; The comprehensiveness and transparency in public spending achieved. 	<p>Project report;</p> <p>The financial statements of institutions that did not have direct access to IT Treasury;</p> <p>Reports on budget execution;</p> <p>EU progress report for BiH</p> <p>Budget Framework Paper;</p> <p>EFP;</p> <p>FMF Consolidated report on budget execution;</p> <p>Ministries of Finance Public Debt Reports.</p>	<p>Cooperation of the project beneficiaries</p> <p>Full cooperation of Cantons with the project.</p> <p>Availability of funds for domestic co-financing of the project.</p> <p>Project beneficiaries cooperation</p>

Results	Objectively verifiable indicators	Sources of Verification	Assumptions
<p><u>Component 1-Strengthening of the treasury at state and Entities level</u></p> <p>1.1. DRS system for Treasuries at Entity and State-level is implemented;</p> <p>1.2. Staff of ministries of finance at Entity and State-level trained to maintain and manage DRS</p> <p>1.3. Under existing Oracle platform the local treasury operations (general ledger, procurement, liabilities and claims) for each municipality - the city of East Sarajavo and 25 RS municipalities implemented</p> <p>1.4. Budget users who had no direct connections to the Treasury IT system within the FBiH and BiH Institutions and the remaining RS 25 municipalities and the City of East Sarajevo equipped for independent financial management and reporting;</p> <p>1.5. Number of staff of budget users who had no direct connections to the Treasury IT system within FBiH and BiH Institutions trained to use the Treasury system.</p> <p>1.6. Treasury system in the RS improved by implementation of new functionality within the existing Oracle platform (fixed assets and stocks, foreign exchange accounting, fund accounting, accounting on a cash and accrual basis)</p>	<p><u>Indicators related to R1.1. and 1.2.:</u></p> <ul style="list-style-type: none"> Implementation of DRS for all three Ministries of Finance to TEST and PROD application performed by the end of six quarter of project implementation; A minimum of 30 people from the Ministry of Finance (State and Entity level) have received training to maintain and manage DRS. <p><u>Indicators related to R1.3-1.5:</u></p> <ul style="list-style-type: none"> Implementation of the local treasury to TEST and PROD application performed by the end of fifth quarter of project implementation; At least 50 people from BiH Institutions which are newly connected to the IT of Treasury have received training to work on treasury operations; At least 80 people from institutions that are connected to IT of Treasury in FBiH have received training to deal with treasury operations. <p><u>Indicators related to R1.6:</u></p> <ul style="list-style-type: none"> New functionality implemented in the TEST and PROD environment by the end of sixth quarter of project implementation; At least 10 people from the IT department of the RS Ministry of Finance have received training to administer and maintain a database of new applications; At least 30 people from the RS Ministry of Finance and local communities have received training to work on new applications (training of trainers). 	<p><u>Source of verification for R1.1 and 1.2:</u></p> <p>Project report;</p> <p>The warranty card and the dispatch of procured equipment;</p> <p>Minutes on performed testing and taking over of the system;</p> <p>Training reports and records.</p> <p><u>Source of verification for R1.3-1.5:</u></p> <p>Project report;</p> <p>The warranty cards and dispatch of procured equipment in accordance with Technical Specification;</p> <p>Training reports and records.</p> <p><u>Source of verification for R1.6:</u></p> <p>Project report;</p> <p>Minutes on testing the new functionalities;</p> <p>Report on the Ministry of Finance technical staff training for administering and maintenance a database of new applications and training record;</p> <p>Report on training for trainers and training record;</p> <p>Budget Framework Paper;</p> <p>EFP</p>	<p>Ministries of Finance set the BD location, and determined the method of backup.</p> <p>A working group of IT professionals in the Ministries of Finance established in order to harmonize the development of technical specifications for procurement of equipment and software for the DRS.</p> <p>The existence of the human resources potential in the ministries of finance (state and Entities) to maintain and manage DRS.</p> <p>Cooperation of working group on the implementation of the project.</p> <p>Beneficiary institution designated target group for training.</p> <p>Available funds for domestic co-financing of the project.</p> <p>Beneficiary institution cooperation with project.</p> <p>Available funds for domestic co-financing of the project.</p> <p>RS formed a team of experts from the Ministry of Finance to train local government for working on treasury operations and new applications.</p> <p>Ministry of Finance of RS determined the target group for the training of trainers.</p> <p>Available funds for domestic co-financing of the project.</p> <p>Cooperation with the project.</p>

<p><u>Component 2 - Construction of single database of Public Revenue in the Federation BiH</u></p> <p>2.1. Technical infrastructure in FMF for the administration of public revenues strengthened;</p> <p>2.2. Insight and information on total public revenue (by type and location) in real time for all government levels in the FBiH provided;</p> <p>2.3. The advantages of a single database of public revenue in the FMF presented at the Entity and Cantonal levels</p>	<p><u>Indicators related to R2.1-2.3:</u></p> <ul style="list-style-type: none"> On-line connection with the Cantons established by the end sixth quarter of project implementation; Expanded application implemented in the TEST and PROD environment by the end of seventh quarter of project implementation; At least two workshops organized for the presentation of a unified database within the last quarter of project implementation. 	<p>Project report; The warranty cards and dispatch of procured equipment;</p> <p>EFP Budget Framework Paper</p>	<p>Full cooperation of Cantons with project.</p> <p>Available funds for domestic co-financing of the project.</p>
<p><u>Component 3 - Strengthening Public Debt Management Capacity</u></p> <p>3.1. Knowledge on public debt planning and management improved and applied.</p> <p>3.2. Technical infrastructure in the Ministries of Finance and Brcko District (BD)for monitoring and reporting of public debt strengthened;</p> <p>3.3. Analysis of the needs for further improvement the debt management processes at all levels of government performed.</p>	<p><u>Indicators related to R3.1-3.3:</u></p> <ul style="list-style-type: none"> At least 30 people from the debt management sector in the ministries of finance (state and Entity level and BD) attended all trainings; Two two-day workshops organized (one in Sarajevo and one in Banja Luka) for presenting the best practices related to the debt statistics and accounting and presenting the recommendations for further improvement of the debt management. 	<p>Project report; Training records and feedback. The warranty cards and dispatch of procured equipment;</p> <p>Minutes on taking over and installation of the equipment. Analysis of the needs for further improvement of debt management processes submitted to governments at all levels for consideration</p>	<p>Project beneficiaries cooperation;</p> <p>Availability of funds for domestic co-financing;</p> <p>Technical specifications for procurement of the equipment agreed among the project beneficiaries.</p>
<p>Activities</p>	<p>Means</p>	<p>Costs</p>	<p>Assumptions</p>
<p><u>Component 1-Strengthening of the treasury at state and Entities level</u></p> <p><u>Activities related to the result 1.1.- DRS system for Treasuries at Entity and State-level is implemented.</u></p> <p>A.1.1.1.Analysing and drafting the detailed plan for implementation of DRS within the Treasury of BiH Institutions and FBiH and analysing and updating the existing plan for the implementation of DRS for RS;</p> <p>A.1.1.2.Development of technical specifications related to the provision of conditions for the establishment of DRS;</p>	<p>Service contract 1 Supply contract 2.1.</p>	<p>EUR 200.000,- EUR 600.000,-</p>	

<p>A.1.1.3. Procurement of equipment and software to implement the DRS;</p> <p>A.1.1.4. Works needed to ensure the functionality of the DRS</p> <p>A.1.1.5. Testing the functionality of DRS.</p> <p><u>Activities related to the result 1.2-</u> <i>The staff of ministries of finance at Entity and State-level trained to maintain and manage DRS:</i></p> <p>A.1.2.1. Preparation of documentation for the maintenance and administration of the DRS;</p> <p>A.1.2.2. Completing the training program and delivering the training for the maintenance and administration of the DRS to the beneficiaries target groups.</p> <p><u>Activities related to the result 1.3 -</u> <i>Under existing Oracle platform the local treasury operations (general ledger, procurement, liabilities and claims) for each municipality - the city of East Sarajevo and 25 municipalities of the RS implemented:</i></p> <p>A.1.3.1. Necessary extension of Oracle applications settings for implementation of new local treasuries.</p> <p><u>Activities related to the result 1.4 -</u> <i>Budget users who had no direct connections to the Treasury IT system within the FBiH and BiH Institutions and the remaining 25 municipalities in the RS and the City of East Sarajevo equipped for independent financial management and reporting;</i></p> <p>A.1.4.1. Necessary upgrades to existing routers and server platform within the Ministries of Finance (State and Entities) for additional users;</p> <p>A.1.4.2. Assistance in the preparation of technical specifications for procurement of equipment (with software license) in connection with the expansion of treasury system to all budget users;</p> <p>A.1.4.3. Procurement of equipment (network</p>	<p>Service contract 1</p> <p>Supply contract 2.1.</p>	<p>EUR 200.000,-</p> <p>EUR 800.000,-</p>	
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<p>equipment and computers) with a software license for the additional budget users in FBiH, BiH Institutions and for the 25 municipalities and the City of East Sarajevo in RS;</p> <p>A.1.4.4. Oracle license for new users.</p> <p>Activities related to the result 1.5- <i>Budget users who had no direct connections to the Treasury IT system within the Federation of BiH and BiH Institutions trained to use the Treasury system:</i></p> <p>A.1.5.1. Implementation of the expanded treasury at budget users who had no direct connection with the Treasury in the FBiH and BiH Institutions and local treasuries in the RS on the TEST application and functionality testing;</p> <p>A.1.5.2. Development of training programs and delivering the training for newly connected budget users to work in treasury system for the FBiH and BiH Institutions.</p> <p>Activities related to the result 1.6- <i>Treasury system in the RS improved by implementation of new functionality within the existing Oracle platform (fixed assets and stocks, foreign exchange accounting, fund accounting, accounting on a cash and accrual basis):</i></p> <p>A.1.6.1. Upgrading the application and database to a larger version to make it usable to all users of the treasury system in the RS (institutions at Entity and municipality level);</p> <p>A.1.6.2. Implementation of new functionalities;</p> <p>A.1.6.3. Testing the new functionalities and their verification;</p> <p>A.1.6.4. Development of training programs and delivering the training of Ministry of Finance staff for new functionalities;</p> <p>A.1.6.5. Training for IT staff in the RS Ministry of Finance to maintain the database of new applications.</p> <p>Component 2 - Construction of single database of</p>	<p>Service contract 1</p>	<p>1.000.000,- EUR</p>	
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<p>A.3.1.2.Presentation of the best practices related to debt statistics and accounting.</p> <p>A.3.1.3.Preparing and delivering training program related to risk assessment and management;</p> <p><u>Activities related to the result 3.2-</u> <i>The technical infrastructure in the Ministries of Finance and DB for monitoring and reporting of public debt strengthened:</i></p> <p>A.3.2.1.Supply of servers, computers and other equipment;</p> <p><u>Activities related to the result 3.3 -</u> <i>Analysis of the needs for further improvement the debt management processes at all levels of government performed:</i></p> <p>A.3.3.1.Analysis of weaknesses and constrains of existing debt management processes at all levels of government and make recommendations for their elimination;</p>			
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ANNEX II: Amounts (in EUR) Contracted and disbursed by quarter for the project

Contracted	Q2/2012	Q3/2012	Q4/2012	Q1/2013	Q2/2013	Q3/2013	Q4/2013	Q1/2014	Q2/2014	Q3/2014	Q4/2014
Contract 1 - Service	1 550 000										
Contract 2.1. - Supply			2 050 000								
Contract 3 - TA	400.000										
CUMULATED	1 950 000		4 000 000								
Disbursed											
Contract 1 - Service	450 000		300 000		300 000		300 000		200 000		
Contract 2.1. - Supply			1 300 000	750 000							
Contract 3 - TA	250 000	100 000	50 000								
CUMULATED	700 000	800 000	2 450.000	3 200 000	3 500 000		3 800 000		4 000 000		

ANNEX III – Institutional framework

Public Financial Management:

3.1. Ministry of Finance and Treasury of Bosnia and Herzegovina

The Ministry of Finance and Treasury of Bosnia and Herzegovina is administrative body within the Council of Minister of Bosnia and Herzegovina whose structure is regulated by the Rulebook on Internal Organization of the Ministry of Finance and Treasury. The following administrative organizations have been set up for the performance of the activities in the scope of the Ministry:

1. Cabinet of the Minister of Finance and Treasury
2. Cabinet of the Deputy Minister of Finance and Treasury
3. Cabinet of the Secretary of Ministry
4. Department for Legal, Personnel, Common and Financial Affairs
5. Department for Budget of the Institutions of BiH
6. Department for Relations with Financial Institutions
7. Department for Public Debt
8. Department for Treasury Transactions
9. Department for Implementation of Succession of ex-SFRJ and Management of BiH Property
10. Department for Fiscal Affairs
11. Central Financing and Contracting Unit
12. Central Harmonisation Unit
13. Internal Audit Unit
14. Department for Coordination of Economic Aid

3.2. Ministry of Finance of Federation BiH

Federal Ministry of Finance is the Governmental administrative body within the Government of FBiH (Entity level) whose internal organisational structure, defined by the Rulebook on Internal Organization of the Federal Ministry of Finance, is as follows:

1. Cabinet of Minister of Finance
2. Cabinet of Secretary of Ministry
3. Sector for Economic Finance and Accounting System
4. Sector for Banking, Financial Intercession, Provision and Control and Coordination of Developing Funds
5. Sector for Fiscal and Taxation Policy
6. Sector for Budget
7. Sector for Legal Issues
8. Sector for Treasury
9. Sector for Debt management
10. Department for Joint Issues
11. Department for Internal Audit

Bodies belonging to the Ministry of Finance are:

1. Tax Administration FBiH
2. Finance Police FBiH

3.3. Ministry of Finance of Republika Srpska

RS Ministry of Finance is the Governmental administrative body within the Government of RS (Entity level) whose internal organisational structure is as follows:

1. Cabinet of Minister of Finance
2. Secretariat of the Ministry
3. Central Unit for Internal Audit Harmonization
4. Internal Audit Unit
5. IT Unit
6. Department for programming and coordination of EU financial assistance
7. Department for accounting and audit
8. Department for Fiscal System
9. Department for Financial System
10. Department for Budget and Public Finance
11. Department for Debt Management
12. Treasury Department
13. Department for Public Investments
14. Department for Legal Affairs

Within the Ministry the following Administrations exist:

1. Tax Administration of RS and Republic Foreign Exchange Inspectorate The Republican administration for Games of Chance;
2. RS Institute of Statistics

3.4. Directorate for Finance of Brčko District

Directorate for Finance was established by Law on Directorate for Finance of Brčko District BiH. For the performance of the activities in the scope of Directorate the following units have been set up:

1. Director Office
2. Treasury
3. Tax Administration

ANNEX IV: Reference to laws, regulations and strategic documents

Public Financial Management:

Stabilisation and Association Agreement , Page 55 – Article 111

Instrument for Pre –accession Assistance (IPA), MIPD 2011-2013, page 16

European Partnership with Bosnia and Herzegovina, EU Council Decision 2008/211/EC on February 18, 2008

Institutions of Bosnia and Herzegovina:

- Law on Government Debt and Guarantees of Bosnia and Herzegovina (" The Official Gazette" No. 52/05);
- Law on Amendments to the Law on Government Debt and Guarantees of Bosnia and Herzegovina ("The Official Gazette BiH" No. 103/09);
- Law on Indirect Taxation System in BiH ("The Official Gazette" No. 44/03);
- Law on Amendments to the Law on Indirect Taxation System in BiH ("The Official Gazette BiH" No. 49/09);
- Law on Payments to the Single Account and Distribution of Income ("The Official Gazette " No. 55/04);
- Law on Amendments to the Law on Payments to the Single Account and Distribution of Income "The Official Gazette BiH" No. 49/09);
- Law on the Financing of Institutions of Bosnia and Herzegovina ("The Official Gazette" No. 61/04);
- Law on Amendments to the Law on Financing of the Institutions of Bosnia and Herzegovina ("The Official Gazette BiH" No. 49/09);
- Law on the Budget of BiH Institutions and the International obligations of Bosnia and Herzegovina adopted annually ("The Official Gazette BiH");
- The Report / Information on Execution of Budget of BiH Institutions and the International obligations of BiH adopted annually ("The Official Gazette");
- Law on Treasury of BiH Institutions ("The Official Gazette" No. 27/00);
- Law on the Council of Ministers BiH("The Official Gazette" No. 30/03, 42/03, 81/06, 76/07, 81/07, 24/08);
- Law on the Settlement of Obligations under the Old Foreign Currency Savings ("The Official Gazette" No. 28/06);
- The Law on Amendments to the Law on Settlement of Obligations under the Old Foreign Currency Savings ("The Official Gazette" No. 76/06);
- The Law on Amendments to the Law on Settlement of Obligations under the Old Foreign Currency Savings ("The Official Gazette" No. 72/07);
- The Law on the Procedures for the Conclusion and Implementation of International Agreements ("The Official Gazette" No. 29/00);
- The Law on the Establishment and the Manner of Settlement the Internal debt of BiH ("The Official Gazette" No. 44/04);
- The Law on Accounting and Auditing of Bosnia and Herzegovina ("The Official Gazette" No. 42/04);
- The Decision on Operational measures to implement the Decision on Temporary Financing of Institutions of BiH and the International Obligations of BiH for the period January-March 2011. (No. 316/10 of 28.12.2010. ("The Official Gazette" No. 2 / 11);

- The Regulation of Financial Reporting of Institutions of Bosnia and Herzegovina ("The Official Gazette " BiH No. 33/07);
- The Regulation on Amendments of the Regulation on Financial Reporting of Institutions of BiH;
- The Regulation on Budget Accounting of Bosnia and Herzegovina (01-ST4-16-1810/05 of 30.05.2005.);

Federation of BiH

The Laws and Regulations for the adoption and execution of the budget and implementation of the treasury method of working with public revenue and expenditure are as follows:

- Law on Budgets in the Federation of Bosnia and Herzegovina (" The Official Gazette of Federation BiH" No. 19/06, 76/08, 5 / 09, 32/09, 51/09, 9 / 10, 36/10 and 45/10) ;
- The Law on the Treasury of the Federation of Bosnia and Herzegovina ("The Official Gazette of Federation BiH" No. 58/02, 19/03 and 79/07);
- The Instructions on the Execution of the Budget from the Single Treasury Account ("The Official Gazette of Federation BiH" No. 94/07);
- The Regulation on Accounting of the Budget of the Federation of Bosnia and Herzegovina ("Official Gazette of Federation BiH" No. 87/10);
- The Regulations on Accounting of the Budget of the Federation of Bosnia and Herzegovina ("The Official Gazette of Federation BiH" No. 1 / 11);
- The Instructions for the Treasury Operations ("The Official Gazette of Federation BiH" No. 94/07);
- The Instructions for Collecting, Recording and Disposal of Own Revenue by Budget Users (" The Official Gazette of Federation BiH" No. 94/07);
- The Instructions for Opening the Special-Purpose Transaction Accounts, Planning, Collecting, Recording and Disposal of Funds from the Special-Purpose Transaction Accounts opened as a Sub-Accounts within the Treasury Single Account ("The Official Gazette of Federation BiH", No.: 94/07 and 6/11);

Republik of Srpska

The Legislative and Legal framework that regulates the Governing Debt (internal and external) of the RS is as follows:

- The Law on Borrowing and Debt Guarantees of Republika Srpska ("The Official Gazette of the Republika Srpska" No.: 30/07 and 29/10);
- The Regulation of Direct Debit of Social Security Funds and Public Health Institutions ("The Official Gazette of the Republika Srpska" No. 20/09);
- The Regulation on Monitoring the Withdrawal the Foreign Credit and Grant Funds (The Official Gazette of the Republika Srpska", No. 113/09);
- The Law on Budget System of the Republika Srpska ("The Official Gazette of the Republika Srpska" No. 54/08, 126/08 and 92/09);
- The Law on the Establishment and the Manner of Settlement the Internal debt of Republika Srpska (Revised text, "The Official Gazette of the Republika Srpska", No. 7/10);
- The Regulation on Settlement of Tax Liabilities by the Government Bonds of Republika Srpska ("The Official Gazette of the Republika Srpska" No.: 58/09 and 38/10);

- The Decision on Bonds Issuance of the Republika Srpska for the Settlement of Liabilities to Suppliers ("The Official Gazette of the Republika Srpska" No: 2 / 08);
- The Decision on Bonds Issuance of the Republika Srpska for the Settlement of Liabilities to Suppliers ("The Official Gazette of the Republika Srpska" No. 113/08);
- The Decision on Bonds Issuance of the Republika Srpska for the Settlement of General Obligations based on Executive Court Decisions ("The Official Gazette of the Republika Srpska" No. 115/08);
- The Decision on Bonds Issuance of the Republika Srpska for the Settlement of Obligations based on Tangible and Intangible Damages caused by the war in period from 20 May 1992 to 19 June 1996. ("The Official Gazette of the Republika Srpska" No. 62/08);
- The Decision on Bonds Issuance of the Republika Srpska for the Settlement of Obligations based on Tangible and Intangible Damages caused by the war in period from 20 May 1992 to 19 June 1996. ("The Official Gazette of the Republika Srpska" No.113/08);
- The Decision on Bonds Issuance of the Republika Srpska for the Settlement of Obligations based on Tangible and Intangible Damages caused by the war in period from 20 May 1992 to 19 June 1996. ("The Official Gazette of the Republika Srpska" No. 94/09);
- The Decision on Bonds Issuance of the Republika Srpska for the Settlement of Obligations based on Tangible and Intangible Damages caused by the war in period from 20 May 1992 to 19 June 1996. ("The Official Gazette of the Republika Srpska" No. 50/10);
- The Law on the Conditions and Procedures for Verification of the General Obligations of the Republika Srpska ("Official Gazette of the Republika Srpska" No. 34/09);
- The Instructions about the Form, Content and Method of filling the Form Verifying Arrears of Budget Users ("Official Gazette of the Republika Srpska" No. 99/09);
- The Law on the Right to Compensation of Material and Non-material Damage incurred during the war in period from 20 May 1992 to 19 June 1996. ("The Official Gazette of the Republika Srpska" No.: 103/05, 1 / 09 and 49/09);
- The Instructions on the Implementation of the Alignment Process in the Procedure of Exercising the Rights of Compensation for Material and Immaterial Damage caused during the war in period from 20 May 1992 to 19 June 1996. ("The Official Gazette of the Republika Srpska" No. 09/06);
- The Law on the Settlement of Obligations under the Old Foreign Currency Savings ("The Official Gazette of Bosnia and Herzegovina" No.: 28/06, 76/06 and 72/07);
- The Law on Conditions and Manner of Settlement of Obligations from the Old Foreign Currency Savings by the Issuance of Bonds in the Republika Srpska (The Official Gazette of the Republika Srpska" No. 1 / 08);
- The Regulation on the Procedure of Verifying the Claims and Cash Payments arising from the Old Foreign Currency Savings in the Republika Srpska ("The Official Gazette of the Republika Srpska" No.: 102/06, 124/06, 17/07, 62/07, 105/07 , 18/08, 20/09 and 21/10);
- Instructions on the Form and Content of the Certificate from the Performed Verification from the Old Foreign Currency Savings and Verified Reports of

Obligations Arising from Old Foreign Currency Savings, which are executed by Issuing Bonds ("The Official Gazette of the Republika Srpska" No. 17/08);

- The Decision on Issuance of Bonds of the Republika Srpska for the Settlement on the Basis of Verified Accounts from the Old Currency Savings ("The Official Gazette of the Republika Srpska" No. 20/08);
- The Decision on Issuance of Bonds of the Republika Srpska for the Settlement on the Basis of Verified Accounts from the Old Currency Savings ("The Official Gazette of the Republika Srpska" No. 63/09);
- The Decision on Issuance of Bonds of the Republika Srpska for the Settlement on the Basis of Verified Accounts from the Old Currency Savings ("The Official Gazette of the Republika Srpska" No. 96/10);
- The Instruction on the Procedure for Receiving, Processing, Recording and Settlement of Obligations arising from Court Cases, the number 06-09-8881/07 from 19.10.2007;

Treasury system RS

- The Memorandum on Economic and Financial Policies (MEFP) IMF from 22.07.2005;
- Law on Treasury ("The Official Gazette of the Republika Srpska" No. 16/05 and 92/09);
- Law on Accounting and Auditing (Official Gazette RS No. 36/09, 52/11),
- Regulations on budget classifications, content and application of accounts Chart of Accounts for budget revenue users of the Republic, municipalities, cities and funds (Official gazette RS No. 90/10);
- Regulations on Financial Reporting for budget revenues users of the Republic, municipalities, cities and Funds (Official Gazette RS No. 16/11)

ANNEX V: Details per EU funded contract:

The estimated duration of this project is 24 months.

For the Contract 1- service related to the implementation of Component 1 and 2 of the project it is expected of the contractor to establish a strong project implementation team with three key experts and three long term experts, one key expert and one long term expert for each of the three Ministries of Finance. If necessary, non-key experts, who have required education and experience in related fields, will be engaged.

As for the TA Contract 3 related to the implementation of Component 3 of the Project it is foreseen engagement of two key experts and if necessary engagement of non-key experts for specific topics. The experts will provide support in organisation of extensive training and capacity building of the staff of Debt management sectors, of state and Entity Ministries of Finance. In addition to direct capacity building of staff, Project will leave comprehensive training material to Ministries of Finance, including induction training materials for new staff of Ministries of Finance. The experts will also provide support in drafting detailed analysis of the weaknesses and limitations in the current process of debt management at all governmental level with recommendations and detailed plan of necessary further interventions.