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# EUROPEAN INTEGRATION AND PUBLIC ADMINISTRATION REFORM IN BOSNIA AND HERZEGOVINA

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## INTRODUCTION

As one of the former federal units of the Socialist Federal Republic of Yugoslavia, Bosnia and Herzegovina gained its independence during the Yugoslav wars. Since its independence, the country is a parliamentary democracy and potential candidate for the membership of the European Union and has also been a candidate for NATO membership since April 2010. On the bumpy road of transition, Bosnia and Herzegovina opened a new chapter when at the session of the Peace Implementation Council it introduced the “Strategy for Public Administration Reform” program, the main aims of which are to improve administration capacity for implement core *acquis* over the next decade. Another base for this document was obvious, and the same as all over the world; the demand on the part of its population for the provision of better public services at less national expense..

## PRECONDITIONS FOR REFORM

However, the transformation of post-communist countries in the region has turned out to be much more difficult than was first presumed. One of the primary reasons why reforms fail or that their results are not sustainable is the size of the constraints they face. In order to implement any sustainable national reform:

- there should be reasonable consensus in the society about the goals of the reform;
- reform needs strong political commitment;
- different stakeholders and institutions should be willing to co-operate while respecting different needs and priorities;
- any reform process should be long-term;
- in the expectation of long-term gains, people should be willing to tolerate the short-term losses that inevitably arise from reform;

- flexible institutional arrangements for facilitating reform, managing resources, and finally;
- sufficient social capital.

Not surprisingly, social capital, which relates to aspects of social life such as the trust, partnership and cohesiveness that enable people to work, live and create synergies together, is the condition which is most often missing in post-communist countries. Nevertheless, there is enough human capital, which is traditionally defined as the knowledge, abilities and competencies of individuals, to carry out the reforms. Without sufficient social capital, implementation of any reform is impossible. This constraint is particularly pertinent in the Balkans. Bosnia and Herzegovina's complex constitution, its fragmented and weak state for example, or Montenegro's uncertainty about its future aggravated by the new ethnic conflicts in Kosovo, illustrate complexities not matched in Central Eastern European countries.

Of course the changing of individual and social attitudes and behavioral patterns take a long time. For such deep changes of human and social capital, it may be necessary to wait for the emergence of a new generation unaffected by life under the former regime. That notwithstanding, the reformers now have to tackle the 'old wolves', who remain in charge of public institutions and must be replaced. They still dominate the key-positions of academia, ministries and hold on to former attitudes that are hostile to modernization of the public service.

## **PUBLIC ADMINISTRATION AND STATE**

Another possible pitfall in public administration reform is the misconception of the nature of state and public administration. Public administration, according to (Western) European tradition, is rooted in the requirement for a strong state. It is a widely shared opinion that the public administration system has to keep the state going and exercise its public authority. That is why the literature argues that the fundamental challenge to post-communist countries is still a (re)creation of the positive concept of the state. A lack of any positive concept of what is meant by "the state" and insufficient state identification on the part of citizens lead to serious problems, which include distrust in the state, a lack of loyalty of the citizens to the government or of respect for legal or administrative decisions and avoidance of the

paying of tax contributions. Moreover, with regard to the administrative culture, the attitudes of bureaucrats are also highly dependent on this tradition.

As we know, public administration in the former communist countries was monolithic, since it was characterized by high politicisation and a lack of relations with citizens. As a matter of fact the third actor of governance, namely civil society, was missing (and still weak).

The commitment and loyalty of public servants cannot be taken for granted, especially in countries with a short experience in democratic governance. This is mainly because in the past neither civil service recruitment, nor career progression applied competitive or meritocratic models. Criteria which were used in the civil service did not meet any of the requirements of a transparent system. For example, the appropriate mechanisms to protect civil servants from political interventions were lacking and this, in turn, created a distrust and even hostility on the part of the population towards the state apparatus.

Although the new constitutions and laws are substantial, legal texts alone are not able to resolve all these social and behavioural issues. The impact of state tradition and the development of solid law principles of public administration, now known as the European Principles of Public Administration (EAS), are established in Western Europe as a result of a long political and social evolution.

Public administration in post-communist countries such as Bosnia and Herzegovina still suffers from the bad reputation of the state, and the future development of the role of the state will also determine possible solutions to many other problems.

## **ROLE OF PUBLIC ADMINISTRATION REFORM IN EU ACCESSION**

I have already mentioned that one of the main external driving forces for introducing public administration reform beyond the above mentioned needs was that of preparation for the implementation of *Acquis Communautaire*. This claim was the direct connection between national public administration reform and integration efforts, which is confirmed by the criteria for EU membership laid down in Madrid. But what do we label as the crucial principles for European public administration?

SIGMA Paper No. 27 relating to 'European Principles of Public Administration' (1998:8-14) seeks to identify principles for European administration. These basic rules are derived from the standards that underlie administrative law in most member

states and from the decisions of the European Court of Justice. These principles also define the standards for candidate countries, which are expected to confirm their public administrations with those of the EU member states. The basic common EU law principles can be summed up as follows:

- reliability and predictability (legal certainty and judicial security);
- openness and transparency;
- accountability;
- efficiency and effectiveness.

The above-mentioned shared basic public administration values are deemed to have led to some convergence amongst national administrations in Europe. This shared value system, which is included by European Administrative Space, represents an evolving process of increasing convergence between national administrative legal orders and administrative practices of member states. The EAS is broader than a single list of values, it concerns basic institutional arrangements, processes, common administrative standards, civil service values and administrative culture. It is difficult to speak of a European model of public administration, but the EAS, albeit a metaphor, signifies a convergence and states the basic values of public administration as a practice and profession widely used in Europe.

The extent to which the above-mentioned principles are presented in the regulatory arrangements for public administration and which are respected and enforced in practice is an indicator of the capabilities of the candidate countries for implementation and enforcing common EU law in a reliably way. Harmonization of the national legislation with the European standards is a very significant task for the country. But equally important and complex is the implementation of such legislation as well, possible only through strengthened, professional and efficient public administration.

#### **NEW INITIATIVE: STRATEGY FOR PUBLIC ADMINISTRATION REFORM**

Since the pace of the integration of Bosnia and Herzegovina into the European Union will largely depend on how fast the professional and efficient public administration will be established, the government has introduced a document, ‘Strategy for Public Administration Reform’, which focuses on improving the country’s general

administrative capacity through the reform of core horizontal systems and structures of governance.

As we have already pointed out, the creation of stabile, efficient and professional public administration is both the challenge and the opportunity, and of course a must at the same time, because reformed public administration is also one of the six key criteria of the European Partnership, which defines short-term and long-term priorities in preparation for integration into the European Union.

The government hopes that as a result of following the contents of the document the process will be able to raise the level of an understanding of the process of euro-integration and especially of an appreciation of the obligations emanating from future contract responsibilities of Bosnia-Herzegovina and the European Union. In addition, quality coordination between public institutes on the level of central administration will naturally effect the municipal and cantonal administrations as well.

Two action plans have been used to make the strategy operational. The First Action Plan details concrete measures, timelines and institutions and also aims to develop effective, coherent policy-making and coordination capacities; and to strengthen, consolidate and harmonize the general systems of public finance, governmental human resources, administrative procedure, information technology, and finally of institutional communication (see later in detail). The Second Action Plan deals with sectorial administrative capacities and the institutional management of the reform process.

While it is necessary to develop general administrative capacity, this alone is not sufficient for improving the performance of the administration. After the functional reviews in nine key public sectors the Second Action Plan, which was prepared in 2007, focuses on creating the conditions for developing sectorial capacity in key policy sectors.

The timeline for the reform is 2007-2014, and has three stages. The first stage, which culminated at the end of 2007, had a short-term objective: generally to initiate, or consolidate and further, the reform of key horizontal systems and structures of governance. To this end, implementation of many measures in the first Action Plan have immediate effect—to maintain momentum, and to reap early benefits from the reform for all institutions and on all levels.

The second stage, which concludes at the end of 2010, has medium-term objectives which are to set the basic horizontal systems in place, strengthened and harmonized,

and to streamline sectorial and vertical functions: to meet citizens' expectations for more effective and efficient institutions, and to achieve the general and sectorial ability to adopt and implement *acquis* uniformly in the country.

The purpose of the third phase, spanning from January 2011 to the end of 2014, is the implementation of long-term objectives. At this stage, the integration process will require increasingly higher standards of public administration. Naturally, the country's objective is to reach the quality level of the European Administrative Space by the end of 2014, to adhere to common standards of the member states, and implement *acquis*. To achieve these goals, an assessment of implementation from the previous period will be carried out in the second half of 2010. New activities will be planned in key areas of administrative reform, including in areas where progress has not been sufficient.

#### **FIRST ACTION PLAN: DEVELOPMENT OF GENERAL ADMINISTRATIVE CAPACITY**

As has been mentioned, the main aim of the first action plan was the development of general administrative capacities in administration through the reform of core horizontal systems and governance structures.

As for ***policy-making and coordination***, the goal of the reform was to improve the structure, capacity, and performance of ministries and other central level administrative organs, thereby strengthening the policy-making process on all government levels. The reform required several changes: new organizational arrangements, procedures, staffing, and development of coordination capacity, which will help develop linkages between different levels of government. The reform of central policy capacity proceeds in parallel with increasing policy capacity in ministries to take sufficient account of government priorities, especially priorities related to harmonization with EU legislation.

***Public Finance*** is one of the most sensitive areas of the reform because (regarding the budget process, and the principles, standards and methods of public internal financial control) it is closely linked to EU requirements. As everywhere in the region, in Bosnia-Herzegovina public finance has already been subject to various reforms. However, these reforms were not carried out in a strategic and overarching manner: change has occurred asymmetrically, according to gradually identified irregularities. This reform pack tries to improve the policy aspect of public finance by raising the

efficiency and effectiveness of budget management and improving the accounting framework and treasury system operations.

One of the biggest challenges for the reform process is the achievement of good **governmental human resources management**. Generally speaking, the recent HRM system needs to be transparent and fair, supporting merit and professionalism and providing for incentives to staff according to clear criteria. The chief objective is to ensure the continued harmonization, development and modernization of human resources policy by creating effective bodies responsible for HRM policy-making (establishing an Institute for Public Administration), defining general objectives and priorities in HR development, securing a specialized HRM capacity in individual institutions, and developing understanding by managers of modern HRM policies. The human resource reform is a key component in meeting the challenge presented by EU membership.

The main aim of the reform of **administrative procedure** is to ensure efficiency, effectiveness, and predictability in public administration when it delivers public services to society. This element of the reform is one of the key elements, because it has immediate effects on state-citizens relations, making the procedure a functional, reliable, efficient, transparent, accountable and coherent tool of a modern, client-oriented public administration. For better results, ministries responsible for the monitoring of administrative decision-making must develop the capacity for analysis of administrative practices.

**Institutional communication**, as a quasi governmental PR, is a tool for enhancing the accountability of government to the population—implying two-way dialogues permitting the public to influence and contribute to government policy. It also supports the implementation of legislation on free access to public information, in accordance with European standards. According to the document the new IT tools (such as interactive web sites, intranet, email lists, talking sessions, public events, and round tables), help institutions to communicate their activities and positions and explain their services professionally.

**Information technology** is a necessary tool for transforming not only how governments conduct their business but also what they do, and how they relate to members of the public and the whole society. The important anticipated changes relate to: policy; organization and human resources; IT infrastructure (including security); and automation of public administration.

## **SECOND ACTION PLAN: CREATION OF A BASIS OF SECTORIAL CAPACITY**

The Second Action Plan deals with sectorial capacity. The sectorial reform develops in parallel with the reforms to increase general efficiency within the administration. It is highly expected that these sectorial reforms will rationalize and compact the administration; both within individual and government levels. For the coordination of sectorial reform the strategy paper provides guidance and standardization through the Office of the PAR Coordinator. This coordination guarantees that any reorganization, triggered by sectorial re-design, follows compatible organizational concepts. The objective refers to the typology of institutions, their mutual relations, and internal arrangements, as follows:

- Macro-organizational questions concern the typology of institutions, and examine the opportunity of separating policy-making concerns (ministries), from the focus on policy implementation.
- Organizational concerns also cover the conditions under which a function could be practically organized into a new ministry or agency, or preferably developed within an existent portfolio.
- Similarly, macro-type organizational questions examine the institutions' reciprocal position: subordination and coordination, the modalities of exercising administrative supervision, and the special position of independent regulatory agencies.
- At the micro-level, key organizational questions concern the difference among diverse types of internal organizational units, and the requirements for the establishment of each unit.

A necessary legal framework was formed within the legislation at each government level (e.g. the Law on Administration and implementing regulations), the application of which falls under the responsibility of the ministries. The launch of sectorial reorganization on a large scale required a review of and change in the legislation itself, adapting it to the needs of the new administrative system that differs from those in which the model originated. A degree of coordination will be needed, not only in relation to the final shape of each sector, but also regarding how the transition from the present organizational arrangement to the desired end-state will be managed.



## **MANAGEMENT OF THE REFORM PROCESS**

The design and implementation of successful public administration reform requires enduring commitment on the part of the political elites. Without that specific support any progress is very unlikely. In Bosnia-Herzegovina the Board for Economic Development and European Integration provide strategic leadership for reform across the country. The committee serves as a mechanism for resolving significant issues, but the less substantial disputes are dealt with at lower levels.

The driving force behind the whole process is the PAR Coordinator's Office, which organizes regular joint meetings to discuss matters relevant to facilitating the coordination of the administrative reform process. The task Force for PAR is the most active organ of the reform structure on the top level, which is a kind of controlling and monitoring body as well. The members of the Task Force also coordinate communication with the governments and the public, organize promotional activities and public events, and obtain political approval for further PAR steps and measures.

On the field and at operational levels we find the Working Groups, with representatives of responsible institutions for the implementation of the Strategy and its own action plans. The PAR Coordinator initiates the formation of these working groups, and provides necessary support for their work.

The financial background for the project, called the PAR Fund, was created by several bilateral donors, the EC Delegation and the government. PAR Fund will supplement funds available from the government budgets to finance their activities.

The PAR Coordinator's Office has set up a system for monitoring and evaluation to track the progress toward achievement of objectives. Its data and analysis support decision-makers to improve policy design, optimize resource allocation and refine planned activities. The system consists of two information-generating modules (output and outcome reporting modules), and a reporting module.

## **EVALUATION OF THE FIRST TWO STAGES**

Looking back at the first three years of the reform in Bosnia and Herzegovina we will find that despite trends showing solid economic growth, Bosnia and Herzegovina faces numerous challenges, including strengthening the capacities of public management institutions, controlling fiscal deficit, and harmonizing complex administrative structures.

There is no doubt that the country really needed public administration reform for various reasons, firstly because a modernized public administration is expected to improve the overall performance of the government. Secondly, the process of joining the European Union requires a public administration that functions in accordance with European administrative standards. Finally, a reformed public administration is seen as a development tool, especially when it comes to the burning issue of economic development. For these reason, as we have seen, Bosnia and Herzegovina have initiated public administration reform.

The process has been helped by political leaders formally committing themselves to the reform, and it has had a result. The public administration legal framework is in place and key reform institutions have been established (civil service agencies and Public Administration Reform Coordinator Office). For the Second Action Plan the functional review of public administration has been conducted and the strategic documents have been adopted.

However, the success of public administration reform in Bosnia and Herzegovina is primarily determined by the political will of governmental decision makers, the available finances and the know-how of those responsible for its implementation. One of the problems is that Bosnia and Herzegovina does not have a regular, qualitative supply of necessary knowledge and skills; there is still a human capital deficit. After investigating the components which characterize the national education and training system, several major problems were observed: a lack of financial resources, a lack in proper training courses and finally any lack of career interest in becoming a civil servant. Without the supporting effect of human and social capitals it will not be easy to conduct long-term reform.

Among the most critical areas of the “hard” side of the reform is the strengthening of local government institutions where the legal framework is weak and service delivery is unstructured. Without a good local public service it is impossible to develop a local economy, which will in turn have an impact on public administration reform on the central level as well.

Although the capacity development (the first phase of public administration reform) reached its goals and the second phase is coming to an end as I write, the program as a whole still largely depends on the financial resources of international donors. This also has its own hazards due to a high risk of capacity substitution and perpetuating dependence on international assistance, without real national ownership.

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