



Project Document

Strengthening Parliamentarian Capacities and Key Institutions mandated with fighting Corruption in BiH

Summary

Corruption in Bosnia and Herzegovina (BiH) is widespread, represents a sensitive issue and hinders country's capacity to ensure democratic governance, harming primarily its electoral process, rule of law capacity and bureaucratic efficiency, whilst creating ineffective institutions. As a horizontal issue it touches numerous fields and requires widespread engagement primarily focusing on people's mindsets, integrity and moral values, but also efficient and simple mechanisms leading to concrete, tangible results. Moreover, a specific burden to tackling corruption in BiH is its complex administrative structure comprising of several layers of government (state, entity, cantonal, municipal), frequently paralysed by the decision-makers, inadequate physical infrastructure and professional capacities. All these aspects are detectable and cause obstacles to implementation of more effective anti-corruption policies.

The European Commission (EC) has sharpened its focus on the fight against corruption in the enlargement countries in recent years and it will continue to give high priority to the monitoring of anti-corruption policies, with an emphasis on results and sustainability, from the early stages of accession preparations to the very end of the process as it was the case throughout Croatia's accession process.

Given current situation, BiH is not able to respond in an effective and systematic manner to such requirements. Though small steps are being made they are far from adequate and consistent. An example is the recently setup Ant-Corruption Agency which is merely a coordination body non-comparable to similarly named agencies in the region. For those reasons tackling corruption in BiH does not necessarily involve creating new structures, replicating various international models, but rather strengthening the existing institutional capacities be it by developing their professional abilities, internal communication, decision-making, adjudication channels and making them more cost-effective and responsive whilst at the same time sustainable.

With that in mind, this Project will concentrate on strengthening capacities of parliamentarians to review audit reports and detect various kinds of mismanagement and where applicable identify corruptive practices (Output 1); reviewing the use of audit reports by prosecutor's offices in identifying criminal activities related to corruption (Output 2); and, capacity development of Public Procurement Agency (PPA) and the Procurement Review Body of Bosnia and Herzegovina (PRB) (Output 3).

SIGNATURE PAGE

Country: Bosnia and Herzegovina

UNDAF Outcome :	Outcome one (1) Democratic Governance: Implementation of practices for more transparent and accountable governance meeting the requirements of the EU Accession process (DG Outcome 1.1): Government is able to base policies on quantitative and qualitative analysis of disaggregated data, policy assessments and reviews.
Expected CP Outcome (s):	CP Outcome 1.1: Government is able to base policies on quantitative and qualitative analysis of disaggregated data, policy assessments and reviews.
Expected Output(s):	Output 1: Strengthened capacity of parliamentarians (BiH Parliament) to cooperate with the BiH Supreme Audit Institution (SAI) and to take full advantage of the SAI audit reports in order to enhance parliamentary oversight functions. Output 2: Assessed current state with regards to audit report utilization in criminal investigations and facilitated use of relevant information contained therein by the prosecutor's offices. Output 3: Improved monitoring/oversight of public expenditure by strengthening the work of the PPA and PRB strengthening their ability to participate in the enhancement of accountability and transparency processes.
Executing Agency:	UNDP Bosnia and Herzegovina
Partners:	Parliament of BiH, Supreme Audit Institution , Public Procurement Agency (PPA) and the Procurement Review Body of Bosnia and Herzegovina (PRB)

Programme period:	<u>2013-2015</u>
CPAP Programme Component:	_____
Project Title:	TITLE
Atlas Award ID:	_____
Start date:	1 November 2013
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PAC Meeting Date	_____

Total resources,	Euro	198,500
Total allocated resources:		
• UNDP CO contribution		Euro 48,500
• Other:		Euro 150,000

Agreed by (Executing Entity): _____

Agreed by (UNDP): _____

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LIST OF ACRONYMS

ACA - Anti-Corruption Agency

AWP - Annual Work Plan

BiH- Bosnia and Herzegovina

EC - European Commission

EU - European Union

PAC - Public Audit Committee

PPA - Public Procurement Agency

PRB - Procurement Review Body

QPR - Quarterly Progress Reports

SAI - Supreme Audit Institution

UNCAC - United Nations Convention against Corruption

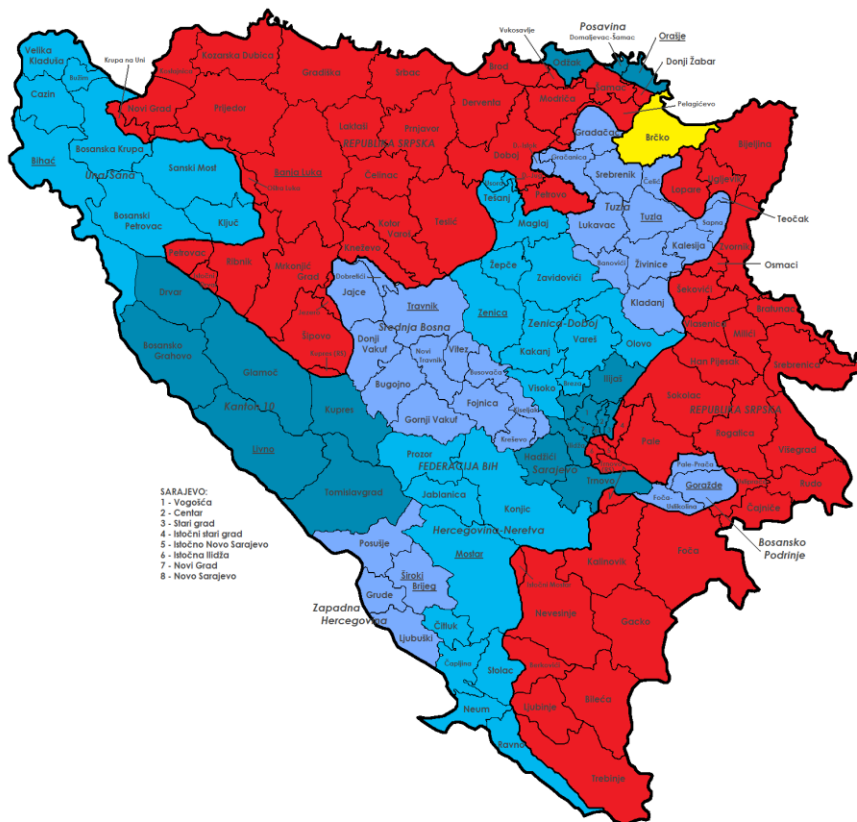
UNDP - United Nations Development Programme

SITUATION ANALYSIS

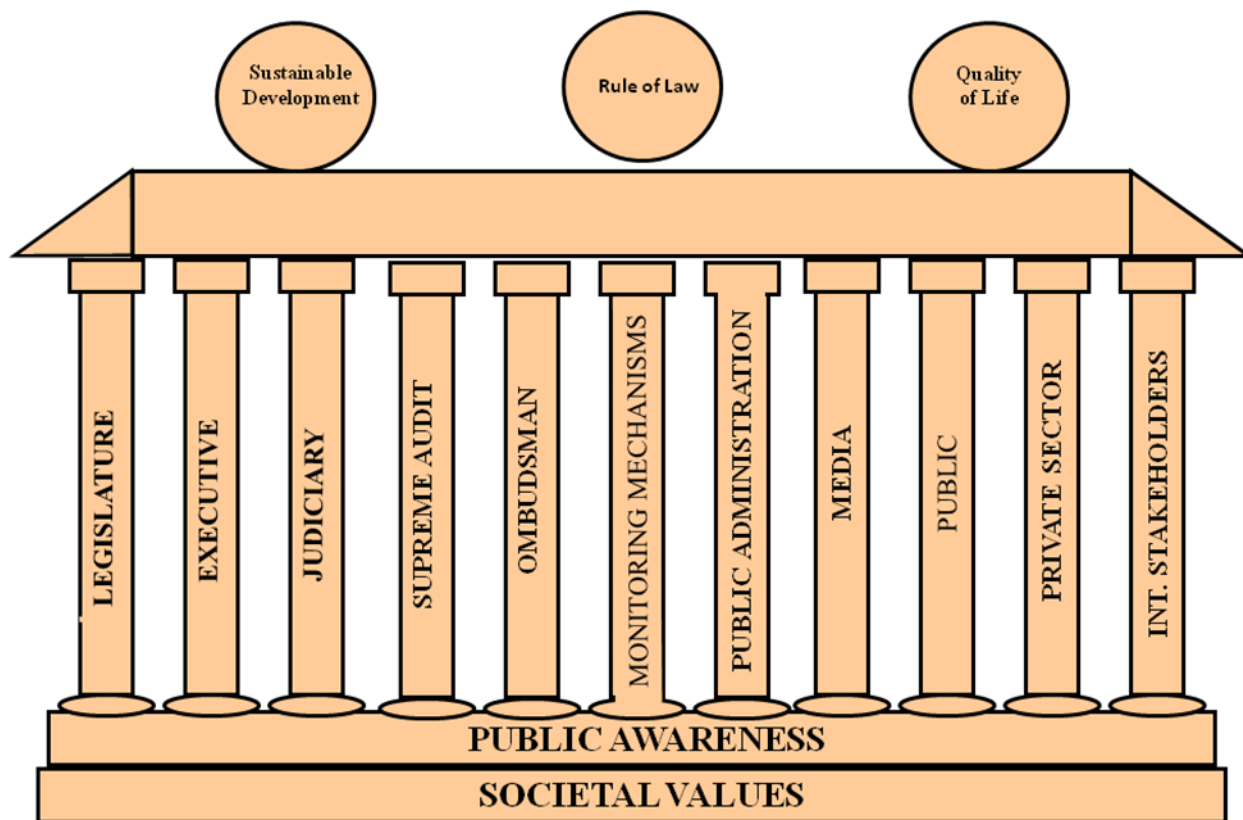
BiH has achieved limited progress in tackling corruption, which remains a serious problem and is prevalent in many areas throughout the public and private sector. Both preventive and repressive aspects of combating corruption require extensive additional engagement. Implementation of the 2009-2014 Anti-Corruption Strategy and action plan remains weak. The Anti-Corruption Agency (ACA) is not fully operational and its mandate concentrates primarily on coordination of bodies involved in anti corruption and raising awareness amongst institutions and the general public on the negative side effects of corruptive practices. However, awareness among institutions about the Strategy and their respective roles in its implementation remains low in almost all aspect relevant to fighting corruption.

Two aspects are crucial to understanding corruption in BiH:

- 1) BiH constitutional setup, and
- 2) Multi-dimensional facets of corruption which cover all segments of society.



Insert 1) BiH Political Map indicating state level structures, two Entities, 10 Cantons and Brcko District BiH, all sharing competencies with regards to budget oversight and distribution, procurement and prosecutions.



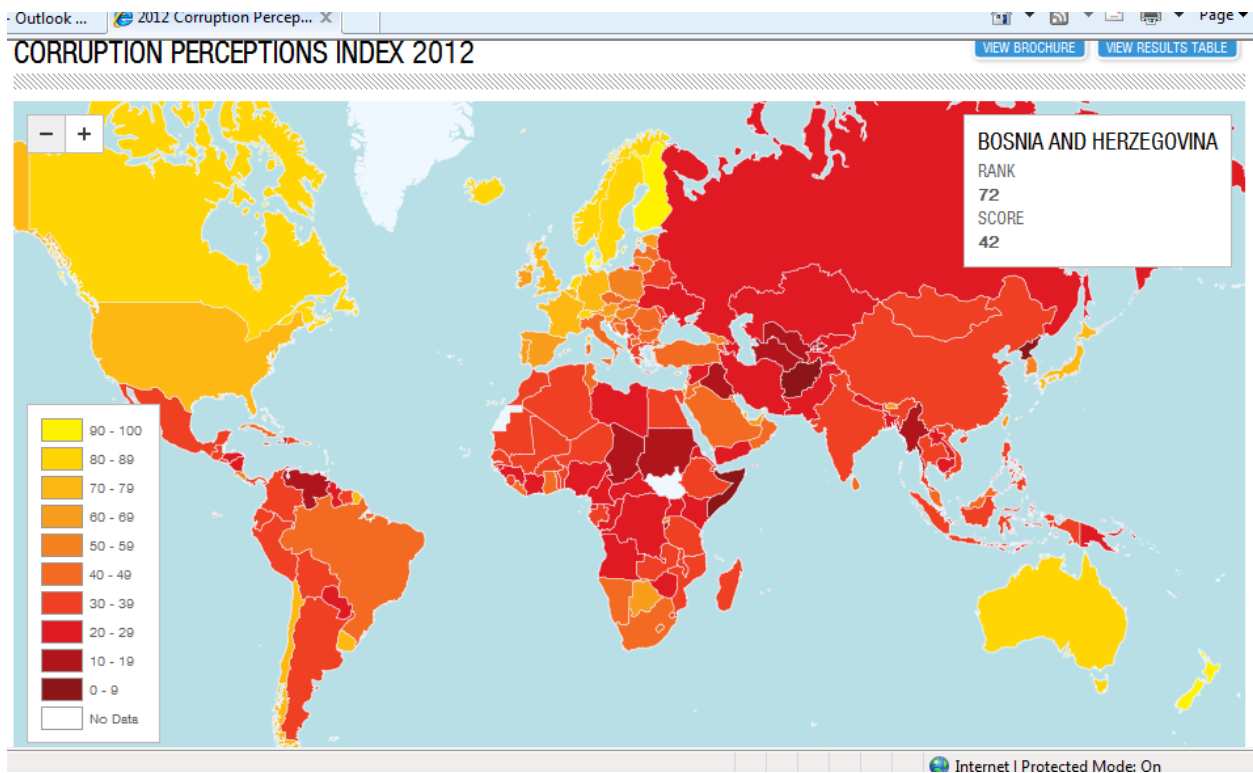
Insert 2) So called Greek Temple model of national integrity identifying pillars which need to be functional in order to ensure sustainable and competent anti-corruption mechanism. (T.I. J.Pope)

Worth noting is that the European Commission (EC) has sharpened its focus on the fight against corruption in the enlargement countries in recent years and it will continue to give high priority to the monitoring of anti-corruption policies, with an emphasis on results and sustainability, from the early stages of accession preparations to the very end of the process as could be seen throughout Croatia's accession process.

With that in mind, it is rather obvious that in a maze of institutions and horizontal and vertical hierarchical structures where shifting responsibility is a norm rather than an exception, BiH faces a procrastinated, uphill struggle to achieve the results expected to join the European Union (EU) primarily due to lack of proactive institutional engagement caused by weak systems of checks and balances and inadequate follow-up of the reported corruption cases.

Currently, BiH is amongst the most corrupt countries in Europe. Though it falls in the Upper middle income economy, its public sector is vastly ineffective and inefficient.

Low salaries, strong political clusters, visible nepotism and lack of whistleblower protection places BiH as the 72nd most corrupt country according to the 2012 Corruption Index. Public perceives corruption as a serious problem and though progress is noted in numerous areas (World Bank 2008) one must note very low baseline for such measurements. Generally, governmental branches are perceived as most corrupt, including the judiciary.



Tackling corruption is the basis for developing public trust in BiH institutions, reducing and eventually eliminating narrow-minded interests of groups which all too often cause political impasses that reflect on everyday lives of citizens. It is a key obstacle to BiH's functionality one that needs to be faced in order to move it from a country in transition towards an EU member state.

1 BASELINE FOR INTERVENTION

Whilst legal framework to tackle corruption requires improvement, it is generally seen as satisfactory whereas the lack of political will to make the laws more than just theory on the paper remains a primary obstacle to comprehensive engagement in anti corruption. Such changes cannot be made until the very institutions fighting corruption become fully resistant to political surrounding and strengthened to the extent where they can fulfill their mandates.¹

The proposed Project goes in line with European Commission's BiH 2012 Progress Report recommendations which call for sustained efforts to establish a convincing track record of proactive investigation, prosecution and conviction of high level corruption cases. In that regard, it particularly stresses low levels of effectiveness of investigations and calls on further specialization of prosecutors. Additionally, the Report indicates that corruption in procurement is widespread and a matter of concern.² U4 report on the other hand mentions lack of transparency, accountability and effective appeal mechanisms for bidding processes.³ It also stresses the need to raise politicians and civil servants integrity and ethical standards.⁴

In general, noting EC's Progress Report as an overarching document relevant for engagement in BiH reform process and reports such as U4, SIGMA⁵ and GRECO which closely monitor specific needs for engaging in anti-corruption field, one can conclude that they all identify problems which require promoting independent, proactive and professional judiciary, raising the integrity of public officials, strengthening the role of civil society as well as mobilizing citizens to demand transparency. Current state, coupled with uneven access to information and a lack of sanctions for failing to comply with provisions of the Freedom of Information Law, prevents greater transparency and public accountability which in turn impacts public trust in the institutions hampering outputs expected from preventive and repressive anti-corruption engagements.

¹ European Commission, Bosnia and Herzegovina 2012 Progress Report SWD(2012)335 final,p.14

² Ibid.

³ U4 Anti-Corruption Resource Centre, "Corruption and Anti-Corruption in Bosnia and Herzegovina(BiH),2009, p.5

⁴ Ibid. 10

⁵ Relations between Supreme Audit Institutions and Parliamentary Committees (SIGMA Papers: No.33)

2 STRATEGY

The Project aims to maximize its impact with the use of available resources by concentrating on a wide-range of beneficiaries,⁶ developing innovative processes and capacities, providing sustainable non-costly outcomes. Activities were developed in consultations with the relevant beneficiaries⁷ and experts.⁸

Primary objective is to strengthen and develop parliamentary practices related to audit report hearings and deliberations. Currently, two parliamentary commissions at the BiH Parliament exist (one in each house) comprised of technical and parliamentary members which receive audit reports from BiH Supreme Audit Institution, review them and, with the recommendations, forward to the parliament for adoption. Common practice is that these reports (over 300) are all considered in one day. Adding strong technical phrasing and general lack of interest, when considering these matters, it is understandable that follow-up actions are inadequate. **Therefore, Project activities would focus on facilitating interactions and adding weight to audit reports by lobbying parliamentarians and developing means for a more user-friendly audit report version.**

Secondly, audit reports are inadequately utilized by the prosecutor's offices. Whilst they do not primarily indicate criminal activities they can provide basis for investigations and gathering of evidence. As a public document, once criminal activities are reported (related to criminal activities of a public official), they are an important factor in developing investigative strategy by the prosecutor. Similarly to parliamentarians, prosecutors do not consult these documents primarily due to technical terminology used therein, neither do they clearly indicate cases where potential criminal activities may be present. **Thus, Project would focus on identifying prosecutorial needs in this regard and develop mechanisms for easier utilization of audit reports.** Though the Project will work with the prosecutor's offices, it will not concentrate on the repressive side of the anti-corruption, as the focus remains on the role and strength of parliaments, PPA, PRB and SAIs to ensure transparent and accountable systems of oversight are being fully utilized. These activities will provide good basis for future involvement with the justice sector's ability to tackle corruption.

⁶ The proposed target group consists of the BiH Supreme Audit Institution's staff, the respective two parliamentary committees, the Public Procurement Agency, Procurement Review Body and prosecutor's offices.

⁷ Direct meetings were held with the representatives of Parliament and the Public Procurement Agency, whilst previous UNDP projects working with judiciary as well as several recent anti-corruption conferences attended all highlighted the need for further prosecutorial engagement.

⁸ UNDP's Regional Bureau for Europe & CIS has a widespread network of experts in the field of anti-corruption active across the region whose expertise was used to develop project activities and which will be available to assist Project implementation.

Finally, Public Procurement Agency (PPA) and the Public Review Body (PRB) both face budgetary problems placing constraint on their staff numbers with outputs such as more than 1,800 complaints received annually of which only a handful have been resolved. Given such conditions, the proposed Project activities aim to make their work more effective by developing a system of benchmarking and monitoring of the public procurement activities and improving professional capacities of the staff to handle current workload.

As many other social phenomena, researches reveal that corruption as well has a disproportionate impact on vulnerable groups in society including women. Corruption also appears to have different forms for men and women (e.i. women and girls are often subjected to sexual extortion in lieu of bribes). In order to tackle these important obstacles and turn them into contributions that women can offer to strengthening the fight against corruption, project activities will pay attention to gender aspects and will encourage involvement of women in dialogues and decision-making processes as well as strengthen oversight mechanisms with women's participation.

3 KEY INSTITUTIONS OVERVIEW

Parliament

Parliaments are political institutions composed, for the most part, of professional politicians. Their natural standing point is to perceive matters in a partisan framework and to give low priority to what appears to be non-political issues.

In contrast, auditing is all about objectiveness. Honest, efficient and effective management, not major policy issues. Auditing must be professional and credible, avoiding any appearance of potential side-taking due to ideological issues. Logically, thus, tensions between parliamentarians and audit findings arise, and parliaments respond to these tensions in various ways. A widespread approach is to designate a single committee, often called a Public Audit Committee (PAC),⁹ to receive and consider reports prepared by the SAI.

⁹ Each House of the Parliamentary Assembly of BiH has a Committee charged with reviewing audit reports. Namely, Committee on Finance and Budget of the House of Representatives (Chair Emir Kabil, First Deputy Bosko Tomic, Second Deputy Anto Domazet and Members Amir Fazlic, Salko Sokolovic, Mladen Ivankovic Lijanovic, Niko Lozancic, Sasa Bursac and Darko Babalj, including 2-member permanent technical secretariat) and Committee on Finance and Budget of the House of People (Chair Dragan Covic, First Deputy Mladen Ivanic, Second Deputy Hasan Becirovic and members Mladen Brdaric, Krunoslav Vrdoljak and Dragutin Rodic including 2-member permanent technical secretariat).

BiH Parliament’s Committees on Finance and Budget of both houses are the “PAC” in BiH context as they are charged with handling audit reports. Committee in the House of Representatives is composed of 9 members and the one in the House of People of 6 members. Additionally, each committee has two member technical secretariat which are non-political, permanent, and crucial to development of standardized practices and institutional legacy.

In most cases, there is a clear expectation that the Members of the PAC will deal with audit reports in an objective, professional and non-partisan manner. This is inherently difficult for the professional politician, especially in a new democracy with no tradition of separating politics from administration. However, there is ample evidence from the established democracies that non-partisan handling of audit results can be attained, if that goal comes to be sufficiently valued, and there are steps that can be taken to reinforce the expectation of non-partisanship.¹⁰

SAIs

SAIs function in public accountability is to ensure adequate management of public resources by public officials entrusted with their disbursement by providing insights into their purposeful use as well as a true and fair view of the operations conducted for the year and their end-of-year status. Additionally, by performing performance audits SAIs evaluate effectiveness and efficiency with which these bodies use public money for the performance of their functions.



Legal Provisions:

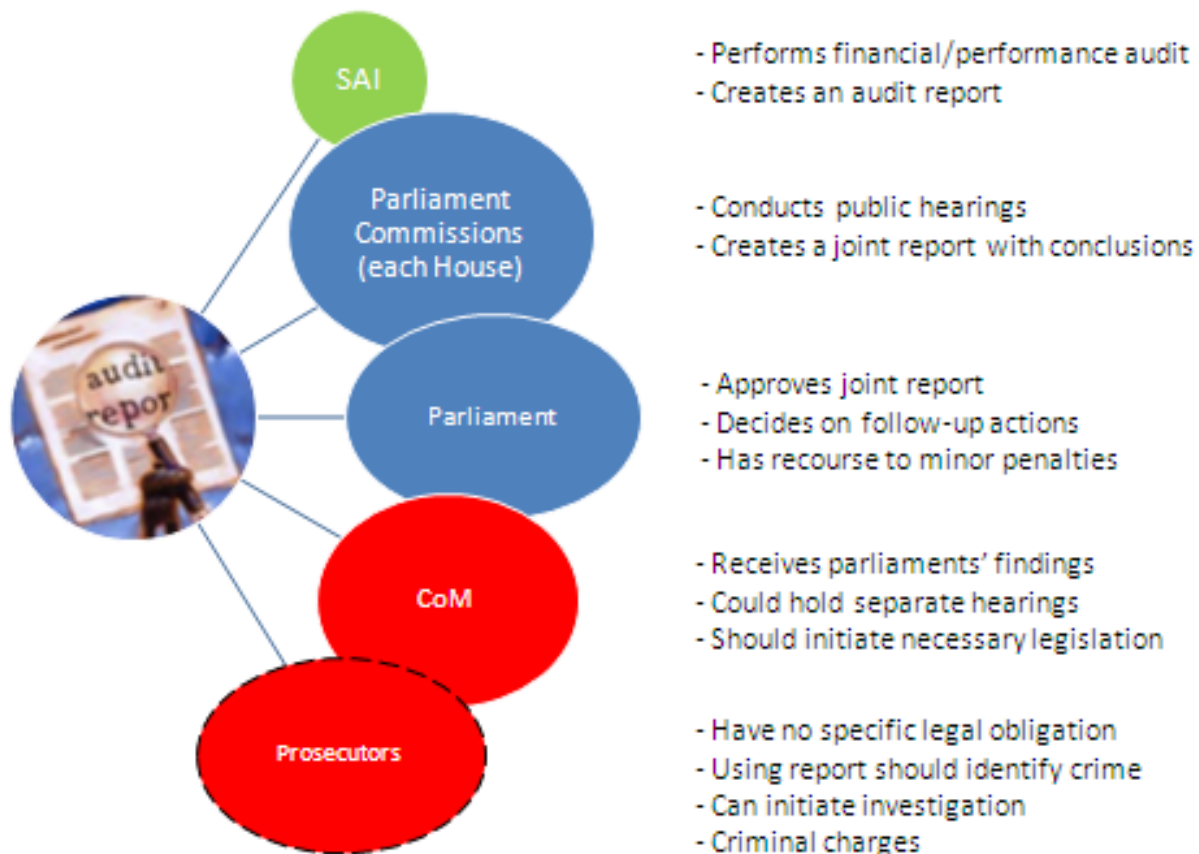
- Law on Auditing Institutions of Bosnia and Herzegovina
Zakon o reviziji finansijskog poslovanja institucija BiH
- Law on Auditing of Public Sector in RS
Zakon o reviziji javnog sektora RS
- Law on Auditing Institutions of FBiH
Zakon o reviziji institucija u FBiH
- Law on Auditing Public Administration in Brčko District BiH
Zakon o reviziji javne uprave institucija u Brčko distriktu Bosne i Hercegovine

¹⁰ Op.cit.5, p.38

Whilst there are four SAIs operating in BiH each reporting to different legislature, introduction of innovative operational procedures is generally initiated at the state level and the practices are then spread out to entity and Brcko District levels.

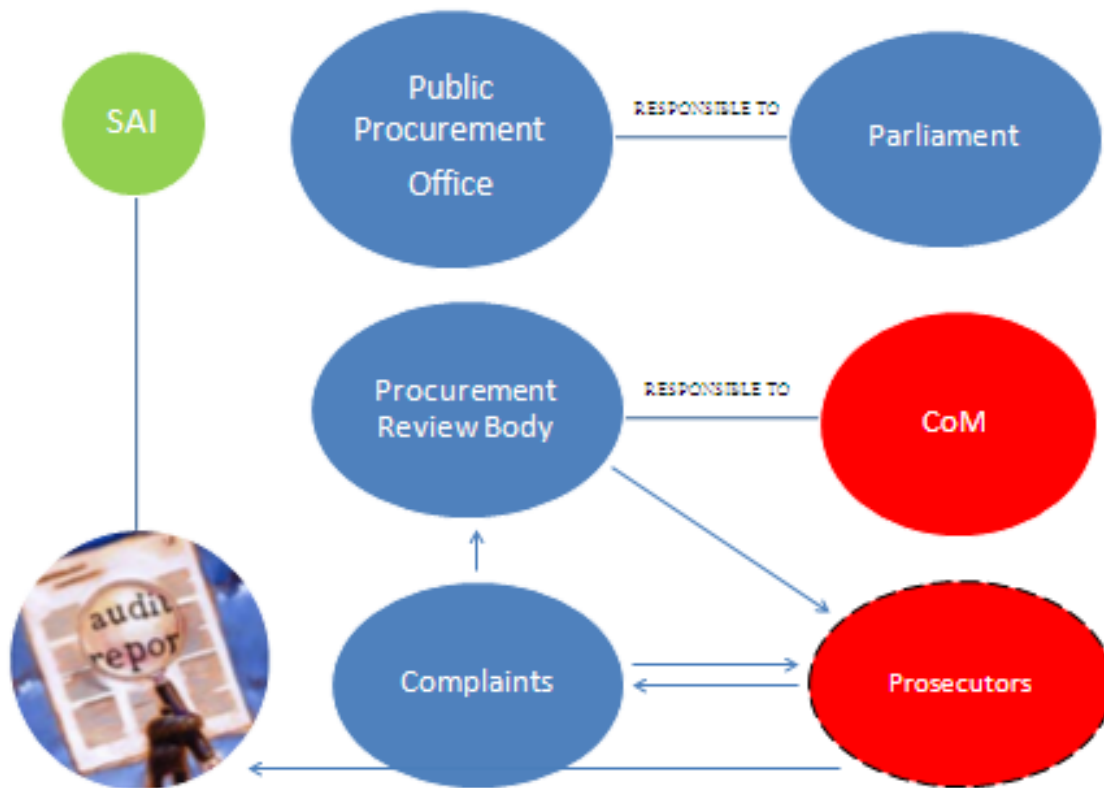
Prosecutor's Offices

BiH has 19 prosecutor's offices in a complex judicial structure. With regards to utilizing audit reports or gathering evidence in general, important to note is the 2003 Criminal Procedure Code which replaced the investigative judges' role in conducting investigations placing it in the hands of prosecutors. New prosecutors' role is thus strengthened and requires stronger engagement in professional development with regards to investigative techniques and collection of evidence, including complex case management.



PRB/PPA

Unlike the abovementioned institutions and processes Public Procurement Agency, Public Review Body, as well as related public procurement processes in BiH are centralized (though branches of PPA exist across country and establishment of PRB branches is currently under consideration). Apart from current debates on legislative changes in the Public Procurement Law (3 different draft laws currently tabled before the parliament) a constant remains that these bodies are understaffed and overstretched in terms of their abilities to respond to mandated roles. Whilst PPA is responsible for providing legal advices to bidders, initiate legislative changes and interpret specific legal provisions PRB acts on complaints after conclusion of procurement processes. Whilst PPA currently has only 19 staff (out of envisaged, systematized 32), PRB, out of more than 1800 complaints received brought consequent actions in less than 20. Strengthening these institutions in all directions is a strong prerequisite to fighting off corruption in BiH.



Project activities relevance

All these activities relate directly to 2009-2014 Anti-Corruption Strategy, EC's 2012 Progress Report, U4 and SIGMA recommendations and will be implemented in direct consultations with the beneficiaries thus making results client-oriented and implementable. Moreover, UNDP has a comparative advantage in pursuing anti-corruption agenda due to its tradition of promoting political consensus, especially in politically sensitive issues such as transitional justice and war crimes processing. Additionally, central part of UNDP programming has traditionally focused on supporting efficient, responsive, transparent and accountable public administrations.

In terms of complementarity, all project activities will be fully aligned to ongoing and planned projects in the field, particularly noting activities implemented by the European Union and US Agency for International Development.

4 OBJECTIVE, OUTPUTS, AND ACTIVITIES

Taking into account recommendations from the EU Progress Report, Structured Dialogue on Justice, Anti-Corruption Strategy, as well as the key findings highlighted throughout GRECO, SIGMA and U4 reports ***the Project aims to enhance preventive and investigative features of the public spending cycle through reviewing and improving current capacities, providing capacity development to parliamentarians, prosecutors, SAIs, PPA, PRB, strengthening their standing within the fight against corruption and devising ways to facilitate utilization of audit reports in criminal investigations where necessary.***

Specific objectives are:

Component 1:

- to lay the foundation for future work by identifying previous, ongoing and future interventions supported by national and international donors as well as existing national and international practices in communication between SAI and Parliaments in order to map the existing capacities and gaps/needs incorporating gender disaggregated information;

- to draft, in close cooperation with the stakeholders, one communication strategy guide on communication between SAI and Parliaments, harmonizing existing and recommending future practice and procedure; the guide would contain glossary, explanations, definitions, legislation, analysis of discrepancies, and a recommendation on a Code of Conduct.

Component 2:

- to identify current obstacles to utilizing audit reports by prosecutor's offices;
- to develop modalities which would enable a more proactive utilization of audit reports by prosecutor's offices as basis for improved criminal investigations by holding a series of consultations with the practitioners.

Component 3:

- to identify the capacity needs/gaps in the PPA and PRB in order to address them in capacity building exercises;
- to enhance accountability and transparency at the local level by supporting abilities to develop technical tools (UNDP funded).

The project will work on the following general outputs:

- **Output 1:** Strengthened capacity of parliamentarians (BiH Parliament) to cooperate with the BiH Supreme Audit Institution and to take full advantage of the SAI audit reports in order to enhance parliamentary oversight functions.
- **Output 2:** Assessed current state with regards to audit report utilization in criminal investigations and facilitated use of relevant information contained therein by the prosecutor's offices.
- **Output 3:** Improved monitoring/oversight of public expenditure by strengthening the work of the PPA and PRB, their ability to participate in the enhancement of accountability and transparency processes.

The activities that will produce these outputs are described in detail below.

Output 1: Strengthened capacity of parliamentarians (BiH Parliament) to cooperate with the BiH Supreme Audit Institution and to take full advantage of the SAI audit reports in order to enhance parliamentary oversight functions

Proposed activities aim to facilitate interaction between parliamentarians and audit institutions in order to report clearly and concisely, but with sufficient level of details, to convince an objective reader of the validity of the audit findings.

Furthermore, to strengthen the link between the work of SAI after completing the audit report and the work of parliamentarians to ensure they understand the nature and significance of the audit findings, and to help them develop appropriate corrective actions, but without sacrificing the independence of the SAI.¹¹

The Output is comprised of the following activities:

- ***1.1: Preliminary Needs Assessment prior to formalization of the work plan;***
 - i. Data collection: desk research of existing practices in cooperation between SAI and Parliaments; interviews with key informants (members of Parliament, auditors, NGO activists, academia professionals); focus groups and group discussions with experts; review of reports produced by past or ongoing projects;
 - ii. Data analysis incorporating gender disaggregated information;
 - iii. Report drafting.

Specific Output: a comprehensive and detail report identifying existing capacities and gaps/needs, previous, ongoing and future interventions supported by national and international donors as well as existing national and international practices in communication between SAI and Parliaments.

Indicator: Number of sources studied; number of meetings/interviews/discussions; one report drafted.

- ***1.2: Design and draft of a user-friendly communication strategy guide between SAI and Parliaments*** (harmonization of practice and procedure); glossary, explanations, definitions, legislation, analysis of discrepancies, and the most important the Code of Conduct ***i) One initial consultation with stakeholders, report drafting, one validation meeting to finalize communication strategy and to seek feedback information from stakeholders.***
 - ii) Follow-up consultation on the process implementation.

¹¹ Ibid.

Specific Output: one user-friendly guide for communication between SAI and Parliaments, with checklists and process maps;

Indicators: 2 stakeholders' consultations held; one detailed guide drafted, reviewed and accepted by stakeholders.

- **1.3: Conference** (Joint conference, on the role of Parliament and SAIs for validating the Manual and promoting integrity);
 - i) One Conference targeting widespread parliamentary participation together with the SAI representatives, and international and national lecturers validating the Guide and providing insights into its use and promoting parliamentary integrity.

Specific Output: Joint conference, on the role of Parliament and SAIs for validating the Guide and promoting integrity;

Indicators: 1 Joint conference, on the role of Parliament and SAIs for validating the Guide and promoting integrity held.

Output 2: Assessed current state with regards to audit report utilization in criminal investigations and facilitated use of relevant information contained therein by the prosecutor's offices.

Global Integrity Report supported by specific findings,¹² indicates that SAIs in BiH carry out auditing of almost all public institutions at all levels of government and issue regular reports on excessive, inappropriate and non-transparent spending yet no action was taken by parliament, prosecutors or the police.

Whilst noting that a majority of audit reports findings relate to identifying mismanagement of funds and its ineffective utilization, audit reports provide relevant insight into potential criminal activities, which, based on reported allegations, a prosecutor must consider given his duty to act¹³. No anti-corruption strategy can be fulfilled without an effective investigation, consequent indictments and trials of corrupt officials.

¹² "Bosnia and Herzegovina at the Crossroads: EU Accession or a Failed State?" Transparency International Bosnia and Herzegovina, 2007, Sarajevo; "Open Society Fund Bosnia and Herzegovina: Improving National Integrity System Bosnia and Herzegovina," Transparency International Bosnia and Herzegovina, 2007

¹³ član 14 ZKP B i H, RS i DB, član 15 ZKP F B i H

Activities aim to support prosecutors in identifying obstacles when using audit reports and to facilitate the use of information contained therein by the prosecutors when assessing potential criminal activities.

The Output is comprised of the following activities:

- **2.1: Identifying needs with regards to audit report utilization in criminal investigations.**
 - i. Conduct round table consultations between prosecutor's offices and audit office institutions in BiH aimed at identifying needs for improved use of audit reports in criminal investigations or as basis to initiate criminal investigations;

Specific Outputs: 4 round table consultations facilitated and recommendations made with regards to specific activities;

Indicators: 4 round table consultations held.

- **2.2: Design and draft a user-friendly guide (brochure) for use of audit reports (flagging) by the prosecutors' office staff;** and hold trainings for prosecutor's office staff to improve their knowledge in this regard.
 - i. Develop a brochure for use of audit reports (flagging) by the prosecutors' office staff;
 - ii. Hold trainings for prosecutor's office staff to improve their knowledge in this regard

Specific outputs: a comprehensive report, identifying existing capacities and gaps/needs, previous, ongoing and future interventions supported by national and international donors as well as existing national and international practices in utilizing SAI reports by prosecutors; on-the job trainings conducted at the prosecutor's offices.

Indicators: Brochure for use of audit reports by the prosecutors' office developed; on-the-job trainings held with at least 2 prosecutor's offices.

- **2.3: Incorporating UNDP's methodologies in cooperation of SAIs with prosecutor's offices.**
 - i. Incorporating relevant elements of the study on the possible cooperation of SAIs with stakeholders (RBEC);
 - ii. Hold training for prosecutors on the implementation of UNCAC (UNODC).

Specific outputs: Identify elements of cooperation between SAIs and prosecutors based on the study on the possible cooperation of SAIs with stakeholders developed by RBEC; conduct training for prosecutors on the implementation of UNCAC based on UNODC existent methodology.

Indicators: Report on identified elements of cooperation between SAIs and prosecutors based on the study on the possible cooperation of SAIs with stakeholders and 1 training held on the implementation of UNCAC.

Output 3: Improved monitoring/oversight of public expenditure by strengthening the work of the PPA and PRB, their ability to participate in the enhancement of accountability and transparency processes

BiH procurement policies fall within mandates of the Public Procurement Agency and Procurement Review Body. Whilst the first interprets legal provision and advises on the manner in which procurement is transgressed into practical processes, the Review Body receives complaints and is expected to act on these. The Agency faces budgetary problems which place substantial pressure and constraint on the staff numbers and of 1,800 complaints so far received the Review Body has resolved only a handful.

Given such conditions, the proposed activities aim to make PPA and PRB work more effective by developing a system of benchmarking and monitoring of the public procurement activities and improving professional capacities of the staff to handle current workload.

The Output is comprised of the following activities:

- ***3.1: Development of a benchmarking and monitoring system for PPAs and PRBs performance; and hold capacity development exercises for PPA and PRB staff.***
 - i. Carry out a PPA/PRB capacity assessments (including design of a methodology, data collection, data analysis and 1 report drafting);
 - ii. Design a system of benchmarking and monitoring of the public procurement activities to prevent and detect fraud and corruption, in particular by developing a list of red flags to be further used by PPA/PRB in their activities;
 - iii. Develop a training program, plan, and supporting materials and deliver at least 2 training sessions for PPA/PRB staff on the developed system of benchmarking and monitoring; with particular emphasis on fraud and corruption.

Specific Outputs: 1 capacity assessment report, containing a review of the existing procurement system/problems and a set of corruption/fraud red flags for procurement fraud scenarios. 2 training sessions held.

Indicators: Capacity assessment carried out; assessment report accepted by stakeholders; availability of training materials; total of 15 staff members of PPA and PRB trained in the course of 2 training sessions.

- **3.2: Enhance accountability and transparency at the local level by supporting development of technical tools;** UNDP regional consultative study visit.
 - i. Facilitation of local stakeholders meetings to develop specific local tools to strengthen integrity in the pilot municipalities. UNDP Study Visit.
 - ii. Pilot Development.

Specific outputs: meetings facilitated and reports produced with relevant local anti-corruption plan and a mechanism for their implementation and monitoring.

Indicators: Study visit organized and at least 1 local anti-corruption plan developed with specific tools to focus on developing, implementing, monitoring and evaluating anti-corruption policy at local level.

5 MANAGEMENT ARRANGEMENTS

Strengthening parliamentary capacities and key Institutions mandated with fighting corruption in BiH Project will be implemented by UNDP BiH utilizing the Direct Implementation modality, under the overall coordination of the Justice and Security Sector Coordinator in line with UNDP's results-based management approach. UNDP BiH will take full responsibility for the achievement of immediate objectives as well as for the administration of financial and human resources.

The management of allocated funds will be carried out in accordance with the UNDP Programme and Operations Policy and Procedures, based on a 12-18 months work plan with a detailed budget. UNDP BiH will be responsible for managing and reporting back to donors on the resources allocated to the work plan. The management structure of the programme will be as follows:

Project Board

In order to provide overall strategic guidance and oversight for the Strengthening parliamentary capacities and key Institutions mandated with fighting corruption in BiH Project, a Project Board will be established.

Its members will meet on the quarterly basis (every three months) to review the overall project work plan and provide guidance and assistance in resolution of any difficulties experienced during implementation, as and when required. The Project Board will also act as a coordination mechanism to ensure that the Project initiatives (with their own respective governance structures) are harmonized, complimentary and able to achieve the maximum level of synergy. This body will present a unique opportunity to discuss various challenges and apply stakeholder support whenever need arises and/or logistical arrangements permit.

The Project Board will consist of the following roles:

- Executive, representing project ownership, and acting as chair of the board, in this case, the UNDP Justice and Security Sector Coordinator;
- Senior User, to ensure the realization of project benefits, in this case, representatives of the relevant institutional stakeholders as nominated by the BiH institutional beneficiaries.

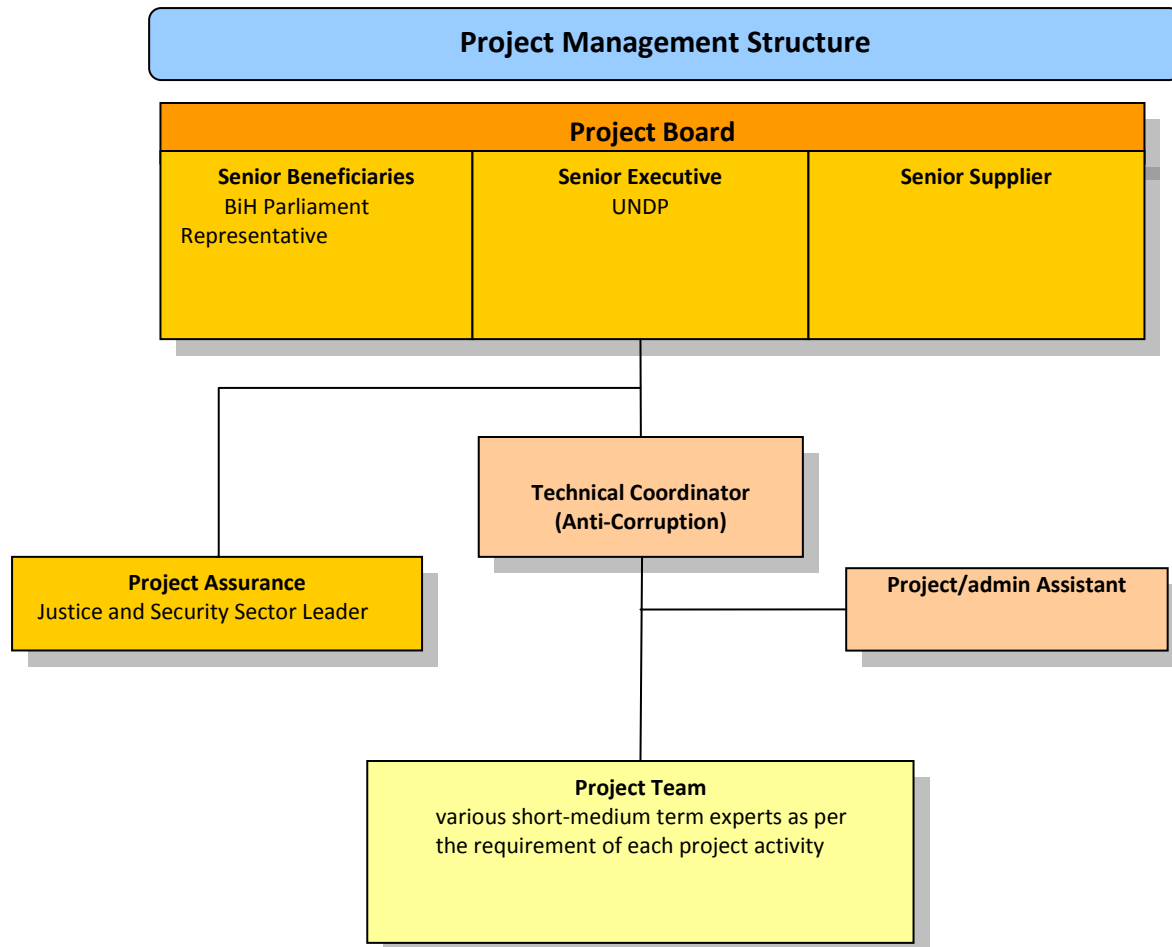
6 PROJECT ASSURANCE

A Project Assurance role will support the Project Board by carrying out objective and independent project oversight and monitoring functions. This role will ensure appropriate project management milestones are designated and achieved.

7 PROJECT MANAGEMENT

In line with standard practice, the Strengthening parliamentary capacities and key Institutions mandated with fighting corruption in BiH Project will be guided and supported from UNDP BiH and Justice and Security Sector, headed by a Sector Coordinator. The Sector Coordinator will have the responsibility to oversee project delivery while implementation on a day-to-day basis on behalf of the Project Board will be under responsibility of a Technical Coordinator. S/he will be responsible for day-to-day management and will ensure that the project produces the results specified, to the required corporate standards and within the constraints of time and cost.

A complete the Strengthening parliamentary capacities and key Institutions mandated with fighting corruption in BiH Project organigram looks as follows:



8 MONITORING FRAMEWORK AND EVALUATION

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the project will be monitored through the following:

Within the Annual Cycle

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on quality criteria and methods captured in the Quality Management table.
- An Issue Log shall be activated in Atlas and updated by the Project Manager to facilitate tracking and resolution of potential problems or requests for change.

- Based on the initial risk analysis, a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Quarterly Progress Report (QPR) shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- A project Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project.
- A Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events.

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Project Manager and shared with the Project Board. As minimum requirement, the Annual Review Report shall consist of the Atlas standard format for the QPR covering the whole year with updated information for each above element of the QPR as well as a summary of results achieved against pre-defined annual targets at the output level
- **Annual Project Review.** Based on the above report, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Project Board and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

Terminal Evaluation

The Terminal Evaluation will be conducted by external, independent evaluator selected through competitive tender. Evaluation will be carried out in collaboration with national key stakeholder included throughout the planned project activities, the Justice and Security Sector Coordinator, and the Regional Anti Corruption Advisor of the UNDP Regional Team.

The evaluation will consider achievement of development goals according to parameters of the relevance and responsiveness of the actions, their effectiveness and efficiency, and the impact and sustainability of results, focusing especially upon their contribution to capacity development of the selected institutions that have the key role to play in overseeing and reporting corruption occurrence. The evaluation will also provide recommendations for follow-up activities and develop a draft program.

9 LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between Bosnia and Herzegovina and UNDP, signed 7th December 1995. Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP's property in the executing agency's custody, rests with the executing agency.

The executing agency shall:

- a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- b) Assume all risks and liabilities related to the executing agency's security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999).

The list can be accessed via <http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm>. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

ANNEX 1: RISKS AND MITIGATION MEASURES

The main risks as well as relevant mitigation measures are described in the below table. The Sector Coordinator and Technical Coordinator will ensure that the risks noted above will not hinder the effective implementation of the project by ensuring the involvement of all relevant stakeholders in all stages/activities of the project, including decision-making, monitoring and evaluation, as well as engaging in sound, evidence-based advocacy efforts.

#	Description	Date Identified	Type	Impact & Probability (scale 1 min. - 5 max.)	Countermeasures / Mngt response	Owner	Submitted, updated by	Last Update	Status
1.	Delay in implementation of project activities		Operational	I = 3 P = 3	Fully representative Project Board with key stakeholders from different levels to ensure involvement. Continuous sharing of information and coordinating responses with UNDP facilitating dialogue. Start process of identifying potential consultants immediately;	UNDP			
2.	Lack of political will to participate in the process		Political	Medium scale: P=3; I=4	Engage and involve stakeholders at every stage of the process; seek their input and guidance. Upcoming elections in 2014 may cause obstacles related to implementation of activities with the Parliamentary Commissions.	UNDP			
3.	Lack of senior political commitment - SAI and Parliamentary Committees Heads will endorse the manual/to become guidance for the day-to-day operations requiring Parliament/SAI interaction.		Strategic	I = 3 P = 3	Engaging project support, by the key players, from the start and throughout the project through various consultations and forums. Awareness raising activities will be directed, among others, at decision makers. SAI and Parliamentary Committees Heads will endorse the manual and will require it to become guidance for the day-to-day operations requiring Parliament/SAI interaction.	UNDP			

