

Instruction on Methodology

of Medium Term Planning, Monitoring and Reporting Process in the Institutions of Bosnia and Herzegovina

The Document was prepared in accordance with the Decision on Medium Term Planning, Monitoring and Reporting Process in the Institutions of Bosnia and Herzegovina (Official Gazette No.62/14)

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Content

LIST OF ABBREVIATIONS	3
DEFINITION OF TERMS	4
1 FOREWORD	6
2 PARTICIPANTS, INSTRUMENTS FOR SUPPORT AND OUTPUT DOCUMENTS OF THE MEDIUM TERM PLANNING PROCESS	7
2.1 PARTICIPANTS OF THE MEDIUM TERM PLANNING PROCESS	7
2.1.1 <i>Main holders of activities</i>	7
2.1.2 <i>Expert and advisory support</i>	7
2.2 DOCUMENTS TO BE PREPARED IN THE MEDIUM TERM PLANNING PROCESS	7
2.2.1 <i>Medium Term Work Programme of the Council of Ministers</i>	8
2.2.2 <i>Medium Term Work Plan of the Institution of BiH</i>	8
2.3 INFORMATION SUPPORT IN MAKING OF MEDIUM TERM WORK PLAN – PIMIS AND BPMIS	8
3 INSTRUCTION ON METHODOLOGY FOR MAKING OF THE MEDIUM TERM WORK PROGRAMME OF THE COUNCIL OF MINISTERS	9
3.1 PREPARATION FOR MAKING OF THE MEDIUM TERM WORK PROGRAMME OF THE COUNCIL OF MINISTERS	9
3.2 MONITORING AND EVALUATION OF IMPLEMENTATION OF THE MEDIUM TERM WORK PROGRAMME OF THE COUNCIL OF MINISTERS	10
4 INSTRUCTION ON METHODOLOGY FOR MAKING OF THE MEDIUM TERM WORK PLAN OF THE INSTITUTION OF BIH	11
4.1 PREPARATION FOR MEDIUM TERM PLANNING	11
4.1.1 <i>Engaging stakeholders in making plan</i>	11
4.1.2 <i>Determination of the format and content of the Medium Term Work Plan</i>	12
4.2 STRATEGIC FRAMEWORK FOR MAKING OF THE MEDIUM TERM WORK PLAN OF THE INSTITUTION	12
4.3 DEFINING OF THE MEDIUM TERM OBJECTIVES OF THE INSTITUTION	12
4.4 DEFINING PROGRAMMES FOR REALIZATION OF MEDIUM TERM OBJECTIVES	13
4.5 DETERMINING CRITERIA FOR PRIORITY PROJECTS	13
4.6 DEFINING COSTS AND LINK WITH BUDGET PROCESS	14
4.7 MONITORING AND EVALUATION	14
4.7.1 <i>Monitoring the execution of the Medium Term Work Programme and Plan</i>	14
4.7.2 <i>Evaluation of the Medium Term Work Programme and Plan</i>	14
4.8 ACTION PLAN FOR THE MEDIUM TERM WORK PLAN OF THE INSTITUTION	14
4.9 DEADLINES FOR MAKING THE MEDIUM TERM WORK PLAN OF THE INSTITUTION	14
4.9.1 <i>Preparation of the Draft of the Medium Term Work Plan of the Institution</i>	15
4.9.2 <i>Adoption of the Medium Term Work Plan of the Institution</i>	15
4.10 INSTITUTIONAL SUPPORT FOR THE MEDIUM TERM PLANNING PROCESS	15
APPENDIX 1 – WORK PROGRAMME OF THE COUNCIL OF MINISTERS	17
APPENDIX 2 –CONTENT OF THE MEDIUM TERM WORK PLAN OF THE INSTITUTION OF BIH	19
APPENDIX 3 – ACTION PLAN FOR MEDIUM TERM WORK PLAN OF THE INSTITUTION	20
APPENDIX 4 – FORMAT OF REPORT ON IMPLEMENTATION OF MEDIUM TERM WORK PLAN OF THE INSTITUTION OF BIH	22

LIST OF ABBREVIATIONS

BiH	Bosnia and Herzegovina
CEFTA	Central European Free Trade Agreement
BFP	Budget Framework Paper
IT	Information technologies
M&E	Monitoring and Evaluation
PESTLE	A set of frameworks for analysis of external trends and issues – political (P), economic (E), social (S), technology (T), legal (L) and environmental (E)
SMART	The method for defining and testing of strategic objectives – specific (S), measurable (M), achievable (A), realistic (R), time-limited (T)
SWOT	A set of frameworks for strength analyses (S), weaknesses (W), opportunities(O) and threats (T)

DEFINITION OF TERMS

Development planning is considered to be the integrity and coherence of the possible, justified (required) sustainable economic, social, environmental, spatial and territorial adjustment to the needs of Constitution and lawfully based interests of citizens and society as a whole. In this regard, development planning implies the process of creating development objectives and defining concrete steps and resources to achieve these objectives.

Management of development is the transformation of development objectives and priorities into concrete activities with clear financial output and institutional responsibilities, their implementation, monitoring and evaluation of their results.

Strategic framework comprises all documents of strategic importance on which BiH institutions prepare their programs or plans, including: long-term and medium term planning documents, international obligations, and obligations related to the integration of Bosnia and Herzegovina (hereinafter: BiH) into the European Union (hereinafter: EU), policies established by the Council of Ministers, guidelines, opinions or other documents to develop policy brought by the Presidency of Bosnia and Herzegovina (hereinafter: the Presidency) and the Parliamentary Assembly of Bosnia and Herzegovina (hereinafter: the Parliamentary Assembly);

Strategic Development Planning The process of creating a vision of the desired future state, and streaming of this vision into development objectives and defining concrete steps and resources to achieve these objectives;

Strategic objective results from vision of development, represents a broad set of actions in the management of the development of society and economy;

Medium Term Work Programme of the Council of Ministers is the set of medium term objectives and indicators of effectiveness derived on the basis of the strategic framework, which the Council of Ministers exercise for a period of three years, containing general time limits, the allocation of roles and responsibilities among the institutions of BiH and other participants;

Medium Term Work Plan of the Institution of BiH is the set of medium term objectives for whose achievement individual institution of BiH is responsible in the period of three years, which is derived from the Medium term Work Programme of the Council of Ministers i.e. relevant Strategic Framework;

Medium term objective is a description of condition expected in some areas of the economy or society in line with the strategic objectives for the period of three years;

Specific objective is a description of expected conditions in the area of contribution of individual sectors to the achievement of medium term objectives in the medium term period of three years;

Annual Work Programme of the Council of Ministers is a set of annual results which the Council of Ministers is planning to implement in a period of one year, based on its Medium Term Work Programme;

The Annual Work Plan of the Institution of BiH is a set of annual results being in charge by the Institution of BiH for the period of one year, based on its Medium Term Work Plan and the Annual Work Programme of the Council of Ministers;

The programme is a set of related projects and activities that together contribute to the realization of the objectives of the plan. The program may consist of one or more projects that have the same goal

Project is a set of related activities that together contribute to the realization of the objectives of the plan. The project may consist of one or more activities;

Programme in the Budget Framework Paper (BFP) is a group of budget expenditures and revenues for the period of three years which are required for the achievement of one or more medium term objectives of the Council of Ministers;

Public Investment Management Information System (PIMIS) enables all budget users/institutions of Bosnia and Herzegovina network access for planning and monitoring of all projects / programs that are defined in the Strategic Framework and medium term and annual plans and contribute to the realization of development goals;

Budget Planning and Management Information System (BPMIS) enables all budget users / Institutions of BiH, network access for budget preparation;

The Annual result is a concrete product of policies and other activities whose realization is done in the period of one year. Responsibility for the implementation of the annual results are of the individual institutions of BiH and achieving multi-year objectives contribute to the accomplishment of specific medium term objective;

Annual report of the work of the Council of Ministers is a collection of realized annual results of the Council of Ministers, with the assessment of their contribution to the achievement of medium term and long-term objectives, and contain the assessment of the justification of the established objectives and their amendments, if necessary;

Annual report on the execution of the work plan of the Institutions of BiH is a collection of realized annual results of the individual Institution of Bosnia and Herzegovina, with the assessment of their contribution to the achievement of medium term objectives, and contains an overview of all other operating activities during the year;

Monitoring is the process of controlling the implementation of programs and plans based on the degree of their achievement and is used as a basis for the introduction of corrective measures, namely activities that change the layout or content of individual programs without significant changes of the work plan; systematic and continuous collection, analysis and use of data and indicators to measure progress of achieving the set objectives / programs / projects and progress in the use of funds allocated and taking appropriate action in order to make possible adjustments;

Evaluation is the process of analysing the achievement of the objective, and hence its effectiveness and legitimacy;

Consultations are the process of harmonization of attitudes, opinions, monitoring, needs, priorities and objectives, to assist the decision making process and ensure their legitimacy;

Indicators characterize the target values to which we aspire in the process of development planning, indicate the type and degree of changes that will be directly realized through the implementation of programs, projects and development objectives, and serves as a qualitative and quantitative indicator of the levels of accomplishing defined objectives of development, and implementation of programs or projects.

1 FOREWORD

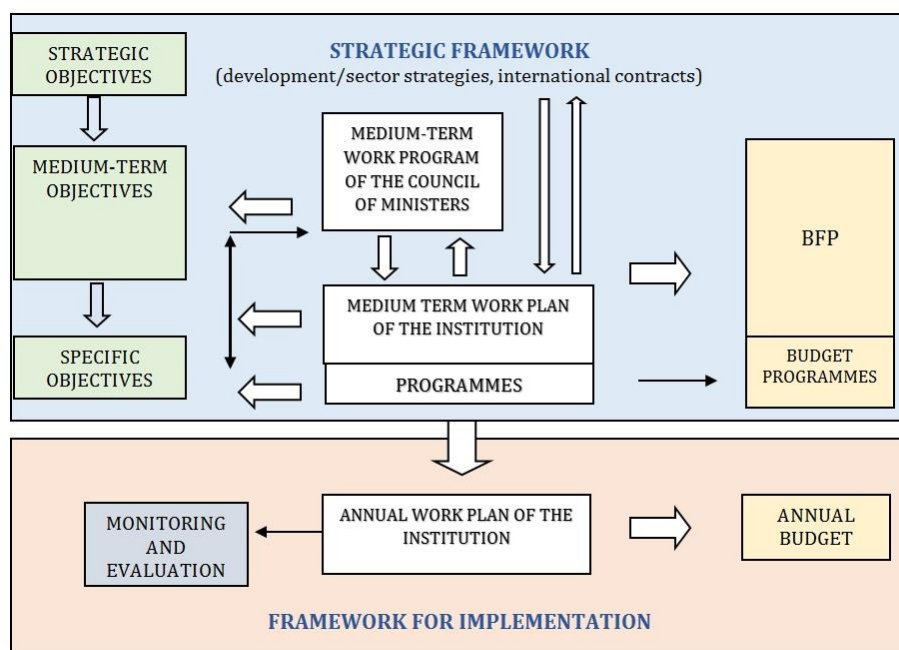
This Instruction on the Methodology has been prepared in accordance with the Decision on the Medium Term Planning, Monitoring and Reporting Process in the Institutions of BiH (Official Gazette no.62/14).

Instruction on Methodology is intended for the Council of Ministers, ministries and other institutions as a guide for the making of Medium Term programs / work plans, monitoring and reporting on their implementation.

Medium term planning is a link and a key mechanism for the implementation of the strategic framework, and therefore is a way (tactic) in which certain government (institution) will contribute (defining measures, activities) to the realization of strategic objectives, and what along the way to be achieved over three years.

Documents that are prepared in the framework of the Medium term planning process are part of a broader framework for strategic planning and budgeting, including strategic framework documents, documents of the framework budget, annual plans and annual budgets of the institutions.

Process of Medium Term Planning in the context of development planning and budget planning is shown in Scheme 1.



Scheme 1: Development Planning

This Instruction on Methodology is dealing with the Medium Term Work Plan of the Institutions with the objective to achieve greater transparency and focus on the implementation of defined Strategic framework.

The of the Council of Ministers represents a key mechanism for coordinating the work of Institutions that harmonize their Work plans with the Work program of the Council of Ministers and direct them towards the strategic objectives and development priorities.

For the Institutions that do not harmonize its plans with Work Programme of the Council of Ministers, reference framework is the relevant documents from the Strategic Framework.

The first Medium Term Work Programme of the Council of Ministers shall be drawn up for the period 2016 - 2018, and a new one for the next three-year period will be prepared continuously.

Based on the Medium Term Programme of the Council of Ministers, the Medium Term Work Plans of the Institutions of Bosnia and Herzegovina are being made for a three-year period.

In order to provide a uniform and balanced approach to the development of strategic programs / work plans, the Directorate for Economic Planning, each year, draws up an Instruction for making the Medium Term Work Programme of the Council of Ministers.

2 PARTICIPANTS, INSTRUMENTS FOR SUPPORT AND OUTPUT DOCUMENTS OF THE MEDIUM TERM PLANNING PROCESS

2.1 Participants of the Medium Term Planning Process

By the Decision of the Council of Ministers, the participants in the process of making the Medium Term Work Plan, monitoring and reporting are defined.

2.1.1 Main holders of activities

Main holders of activities in the Medium Term Planning, Monitoring and Reporting are:

Council of Ministers

The Council of Ministers coordinates the preparation of planning documents and reports prescribed by this Decision through permanent and temporary mechanisms and uniform procedures. The Council of Ministers determines the policy priorities on the medium term basis, within its jurisdiction, and considers and adopts Medium Term Work Programme of the Council of Ministers.

Institutions of Bosnia and Herzegovina

Most of the Institutions of BiH are the ministries and other institutions that bring its Medium Term Work Plan in accordance with the Medium Term Work Programme of the Council of Ministers. Institutions of BiH, whose Medium Term Work Plan is not harmonized with the Medium Work Programme of the Council of Ministers, have to harmonize its Medium Term Work Plan with relevant Strategic Framework

During development of Annual Plans, Institution must consider that every annual objective has to come out from adopted Medium Term objectives.

2.1.2 Expert and advisory support

Main holders of activities are given support by the following Institutions of Bosnia and Herzegovina:

- *Ministry of Finance and Treasury (MoFT)*

MoFT provides expert support to the Institutions of Bosnia and Herzegovina in the making of the Medium term Plans and harmonization with the Medium Term Work Programme of the Council of Ministers. MoFT estimates the availability of funding sources for the Medium Term Work Programme of the Council of Ministers and provides expert support for the identification, registration and monitoring of projects / programs in the Medium Term Work Plan of the Institutions in PIMIS, in accordance with the Instruction on Methodology and the Methodology for the management of public / development investments.

- *Directorate for Economic Planning (DEP)*

DEP prepares a Draft of the Medium Term Work Programme of the Council of Ministers in accordance with the documents from the Strategic framework and monitor its implementation. DEP also makes annual reports on the implementation of the Medium Term Work Programme of the Council of Ministers. Every three years, DEP will organize an external evaluation of the Medium Term Work Planning process and plan realization, and therefore inform the Council of Ministers about its results.

- *Directorate for European Integrations (DEI)*

DEI is harmonizing Medium Term Work Programme of the Council of Ministers and Medium Term Work Plan of the Institutions of BiH with liabilities and priorities in the EU integrations process, as well as liabilities and priorities related to the use of instruments of pre-accession assistance of the European Union as defined in international agreements and other relevant documents.

- *Public Administration Reform Coordinator Office (PARCO)*

PARCO harmonizes Medium Term Work Programme of the Council of Ministers and Medium Term Work Plans of the Institutions of BiH with the Strategy of Public Administration Reform and appropriate Action plan.

2.2 Documents to be prepared in the Medium Term Planning Process

In accordance with the Decision on Medium Term Planning, Monitoring and Reporting Process in the Institutions of BiH as a result of Medium Term Planning process, two different kinds of plan documents are going to be prepared:

- Medium Term Work Programme of the Council of Ministers, and
- Medium Term Work Plan of the Institutions of BiH

These documents are prepared for the period of three years on the basis of so called *rolling* method where plan of the current year becomes the basis for the next years planning, and audit is conducted every year.

2.2.1 Medium Term Work Programme of the Council of Ministers

Medium Term Work Programme of the Council of Ministers is prepared every year for the next three years.

This document is the basis for the preparation of the Budget Framework Paper (BFP) and the Public Investment Programme (PIP), and preparation of the Medium Term Work Plans of the Institutions of BiH. Implementation of the Medium Term Work Programme of the Council of Ministers is performed through Annual Work Programs of the Council of Ministers and the Annual Plans of the Institutions of BiH.

Monitoring and reporting on realization of Medium Term Work Programme of the Council of Ministers is performed annually when one medium-term period is over, and in first three-year period, reports are done annually in test manner. Evaluation of Medium Term Work Programme of the Council of Ministers is performed once in a three-year period, and in first period after two years of implementation.

Elements and formats for making of Medium Term Work Programme of the Council of Ministers are presented in Chapter 3 of this Document.

2.2.2 Medium Term Work Plan of the Institution of BiH

Medium Term Work Plan of the Institutions of BiH is based on Medium Term Work Programme of the Council of Ministers, i.e. relevant Strategic Framework.

Medium Term Work Plan of the Institutions of BiH is prepared every year for the next three years, and is implemented through Annual Plans of the Institution of BiH. Monitoring and Reporting on realization of Medium Term Work Plan of the Institutions of BiH is performed annually.

Elements and formats for making of Medium Term Work Plan of the Institution of BiH are presented in Chapter 4 – Instruction on Methodology.

2.3 Information support in making of Medium Term Work Plan – PIMIS and BPMIS

As a technical support for defining and monitoring the implementation of programs and projects of the Medium Term Work Plan of the Institutions of BiH, the information systems PIMIS and BPMIS will be used.

PIMIS provides the following functionality:

- The identification of all projects of a medium term plan using an electronic Form for identification, registration and monitoring of programme/project (IP Form);
- Preparation of detailed Medium Term Action Plans in the form of a report based on the identified activities / projects and / or programs;
- Monitoring and reporting on implementation of the Medium Term Work Plan of the Institutions of BiH;
- Provides information basis for the making of the Medium Term Work Programme of the Council of Ministers.

BPMIS provides the following functionality:

- Making and monitoring of the budget on the basis of activities/projects and programs identified in the Medium Term Work Plan making process;
- Monitoring and reporting on Budget execution of the Institutions.

3 INSTRUCTION ON METHODOLOGY FOR MAKING OF THE MEDIUM TERM WORK PROGRAMME OF THE COUNCIL OF MINISTERS

The Medium Term Work Programme of the Council of Ministers represents a consolidated document of all stakeholders of activities in the medium term planning process, therefore in the making of the Medium Term Work Programme of the Council of Ministers all budget users must be involved.

These include ministries, agencies, authorities and other bodies under the jurisdiction of the Institutions in BiH that contribute to the achievement of stated objectives.

The first Medium Term Work Programme of the Council of Ministers shall be made at the beginning of 2015 for the period from 2016- 2018 and since then, every year a new one for the next three-year period will be prepared.

On the basis of the Medium Term Work Programme of the Council of Ministers, Medium Term Work Plans in the Institutions of BiH are made for a three-year period. In order to ensure uniform and balanced approach in making of strategic programs and work plans, the Directorate for Economic Planning each year prepares the Instruction for making of the Medium Term Work Programme of the Council of Ministers (Instruction) and sends it to all budget users.

In order to prepare the Medium Term Work Programme of the Council of Ministers it is crucial to ensure cooperation between the DEP, DEI, PARCO and the Ministry of Finance and Treasury with the other ministries of the Council of Ministers and other Institutions of BiH.

3.1 Preparation for making of the Medium Term Work Programme of the Council of Ministers

The process of drafting the Medium Term Work Programme of the Council of Ministers consists of the following steps:

(1) The first step in the process of preparation the Medium Term Work Programme of the Council of Ministers, is the mapping and making the portfolio of the general principles of development and strategic objectives. General principles of development and strategic objectives come out from the Strategic Framework, drafted by the Directorate for Economic Planning, and adopted by the Council of Ministers. The strategic framework for the development of the Medium Term Work Programme of the Council of Ministers includes all documents of strategic importance such as: long-term and medium term planning documents, international commitments, obligations related to integration of BiH in the EU, adopted regional strategies, current exposé of the Council of Ministers, guidelines and attitudes or other documents for policy-making brought up by the Council of Ministers and / or the Parliamentary Assembly of BiH;

(2) Following the adoption of the proposal of the General Principles of Development and Strategic Objectives by the Council of Ministers, DEP prepares Instruction forwarded to the Institutions in BiH (including patterns in which each institution brings the proposal of medium term objectives, programs that contribute to achieving the objectives and monitoring indicators and sources of funding) up to 31 January of each year;

(4) Institutions in BiH are obligated up to the 15 of March of the current year, to submit DEP the Elements for making of the draft of Medium Term Work Programme of the Council of Ministers on the completed application form;

(5) By detailed analysis of the submitted elements for making of the Medium Term Work Programme of the Council of Ministers and consultation with DEI and PARCO, DEP prepares the first draft of the Medium Term Work Programme of the Council of Ministers every year for the next three years in the prescribed format, no later than 30 April of the current year, puts it on its website for a consultation, and informs all the Institutions of the Council of Ministers;

The typical format of the Medium Term Work Programme should have the following chapters (Appendix 1):

- Introduction (which clarifies the link between the Strategic Framework and Medium Term Work Programme of the Council of Ministers);
- List and description of the general principles of development and strategic objectives;
- List and description of medium term objectives (related to strategic objectives) and the expected results in the medium term period followed by a portfolio of programs with the coordinators and partners in the implementation of activities, monitoring indicators, and the link with BFP (budget program in the BFP) and other sources of funding.

(6) After collecting opinions and comments (deadline 15.04. of the current year), DEP prepares a Final Draft of the Medium Term Work Programme of the Council of Ministers and submit it for adoption to the Council of Ministers by 31 May of the current year;

(7) Council of Ministers adopts Medium Term Work Programme of the Council of Ministers by 30. June of the current year, as a basis for making of Medium Term Work Plans of the Institutions of BiH;

(8) Adopted Medium Term Work Programme of the Council of Ministers is the basis for the allocation of financial resources towards priority programs in the preparation of BFP and the PIP, as well as in the preparation of annual budget.

3.2 Monitoring and evaluation of implementation of the Medium Term Work Programme of the Council of Ministers

The purpose of monitoring is to detect deviations from the plan and assessment of whether the planned activities have the desired effect on the set objectives. The basis for quality monitoring and reporting system is well defined indicators as to the basis of the same we can establish whether the objectives are accomplished according to the plan.

Regular monitoring and reporting on the implementation of the Medium Term Work Programme of the Council of Ministers shall be carried out annually. Implementation of the Medium Term Work Programme of the Council of Ministers is planned through the implementation of annual work programs of the Council of Ministers and the Plans of the Institutions of BiH.

DEP consists of an Annual report on the implementation of the Medium Term Work Programme of the Council of Ministers on the basis of a report on the implementation of Medium Term Work Plans of the Institutions of BiH.

Accordingly, the annual report on the implementation of the objectives for the previous year must be submitted to DEP not later than 15 February of the current year. After that DEP makes Report on implementation of the Medium Term Work Programme of the Council of Ministers, which contains the most important results achieved in the reporting period, no later than the 15th of the current month. If certain objective is not achieved by the plan, the reason is to be explained. In addition, starting, current and target value of monitoring indicators is shown.

The Report on the implementation of the Medium Term Work Programme of the Council of Ministers consists of the following thematic areas:

- introduction;
- report on the situation in the areas from the scope of ministries and other Institutions of BiH (holders of activities);
- Table overview of implementation of the Medium Term Work Programme of Council of Ministers.

The additional assessment of the degree of achievement of the Medium Term Work Programme of the Council of Ministers is performed through evaluation, only once during the period of implementation of the Medium Term Work Programme of the Council of Ministers¹. The evaluation is carried out by the Institution or organization authorized by the Council of Ministers.

The purpose of evaluation is to inform policy makers about use, relevance, effectiveness, sustainability and the final impact of the proposed activities of Medium Term Work Programme, to improve the management of on-going projects and programs and to improve the preparation of new ones.

The reason for success or failure is defined, and on that basis, recommendations for the future are proposed.

In preparing the Medium Term Work Programme of the Council of Ministers for the next period, the results of its evaluation from the previous period are taken in consideration. This may result in adjustment of medium term objectives, monitoring indicators, target values, improvement of monitoring systems and so on.

Evaluation can be done by expert groups in close cooperation with relevant institutions and can be external and internal. The process of evaluation demands extensive cooperation with institutions as well as technical requirements in terms of available statistical data and macroeconomic models.

¹ For the first time, evaluation will be carried out after 2 years of implementation of the Programme, and later on, once in the 3 years.

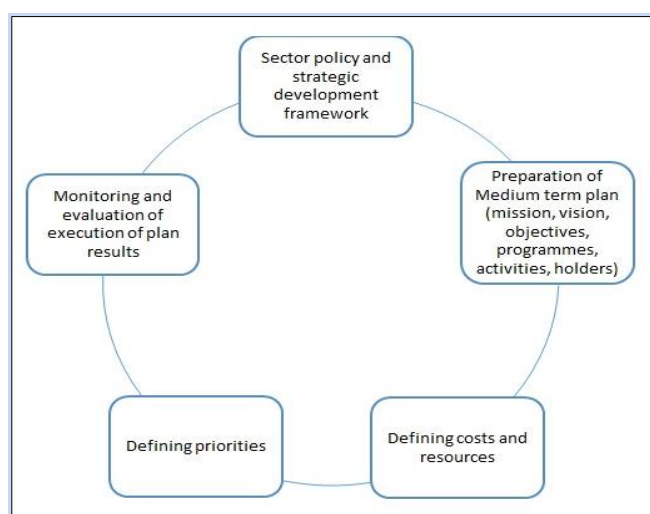
4 INSTRUCTION ON METHODOLOGY FOR MAKING OF THE MEDIUM TERM WORK PLAN OF THE INSTITUTION OF BIH

The process for making of the Medium Term Work Plan consists of eight steps:

1.	Preparation for Medium Term Planning
2.	Mapping of relevant strategic objectives from the strategic framework
3.	Defining medium term objectives of the institution for the contribution to the realization of strategic objectives
4.	Defining actions / measures / programs / projects for realization of medium term objectives
5.	Establishing criteria for the determination of priority projects
6.	Determination of the costs and link with the budget process
7.	Indicators for monitoring and evaluation
8.	Making of the Action Plan

4.1 Preparation for Medium Term Planning

Planning is a cyclical process and these steps are repeated every year (Scheme 2). Programs and projects could be partially changed during planning cycle, because they are subject to the impact of different formal processes that can change the dynamics of realization (e.g., changes in the process of EU integration, CEFTA regime, regional policies, etc.). These changes can affect the criteria for determination of priorities. In any case, the evaluation results of the implementation of the Plan affect the changes for the next period.



Scheme 2: The cyclic process of Medium Term Planning

A crucial first step is to run and organize the process for the Medium Term Work Plan. The staff of the Institution headed by the person responsible for the preparation of a work plan with the participation of representatives of the MoFT, that will provide expert support, will hold an internal meeting or a workshop, which will open the process of drafting the plan. On this occasion, the approach of work plan development will be agreed, including a proposal of the participants, the duration of the individual steps in the planning process within the time limits prescribed by the Instruction on Methodology, and definition of necessary resources for developing the plan.

4.1.1 Engaging stakeholders in making plan

Different stages of the medium term planning require different intensity of participation of members of the institution. The executives of sector / departments who through their work have a strategic vision of the development of the sector in the context of general development policies and priorities of Bosnia and

Herzegovina usually participate in defining the medium term objectives, as it is defined in the Strategic Framework and Medium term Work Programme of the Council of Ministers.

In detailed definition of the project and programs which contribute to the realization of the objectives, specialists for certain areas participate. Defining costs for execution of programs and projects is joint work of the specialists for sector issues and specialists for budget. Horizontal coordination of the process is ensured through the introduction of Medium Term Planning functions at the level of Institution and gradual training of specialists for planning, who have specific knowledge related to the duties assigned to the Institution.

Before starting making of Medium Term Work Plan of the Institution, the Head of Institution must first present key policy orientations and priorities related to the Institution's mandate and actively monitor the process of drafting the work plan and are involved in all major stages of the decision-making.

4.1.2 Determination of the format and content of the Medium Term Work Plan

To form a solid structure being the basis for Medium Term Work Plan and comparability of the plans of Institutions, it is necessary to establish a standard format and content of the Medium Term Work Plan. The content of the Plan allows the division of tasks between team members and provides the initial structure for project planning.

The format of the work plan is in Appendix 2.

4.2 Strategic Framework for making of the Medium Term Work Plan of the Institution

Medium Term Work Plan of the Institution of BiH is based on the Medium Term Work Programme of the Council of Ministers and from Strategic Framework document that defines the work of the Institutions and policies of the sector. For institutions such as the Presidency of BiH, Parliamentary Assembly of BiH, the Constitutional Court, the Office of Audit, Central Election Commission, Ombudsman for Human Rights, etc., which do not coordinate their work plans with Medium Term Work Programme of the Council of Ministers, Medium Term Work Plan is based on relevant documents from the Strategic Framework.

Examples of documents that make up the Strategic Framework for making of the Medium Term Work Plan of the Institutions of BiH are:

- Laws in effect in BiH
- Sector Strategies
- Strategy for Public Administration Reform (PAR)
- Partnership agreement with the EU
- The Stabilisation and Association Agreement with EU
- Regional and international agreements
- Adopted regional strategies (such as: Southeast Europe 2020 Strategy, etc.)

By detailed analysis of these documents, the Working Group for making of the Medium Term Work Plan of the Institution receives the information needed for proper understanding of the Institution's mandate and key development directions and restrictions necessary to define medium term objectives and programmes.

4.3 Defining of the Medium Term objectives of the Institution

Medium term objectives of the institution are determined in accordance with the strategic objectives defined by the strategic framework, and with respect to the mandate, mission and vision of the institution. An important role in the preparation for the determination of medium term objectives has the analysis of environment in which the institution works. The analysis of environment provides a realistic picture of the strengths and weaknesses of the institution, as well as external factors that may affect the realization of the objectives. The final definition of Medium Term objectives must meet the SMART² criteria relating to the specificity, measurability, feasibility, reality and time limit realization of the objectives.

Methods used in this process include SWOT analysis (Scheme 3), PESTLE analysis and analysis of resources and results, and are described in the *Manual for making of medium term plans*, drawn up by the Ministry of Finance and Treasury.

² S – Specific, M – Measurable, A – Achievable, R – Realistic, T – Time bound

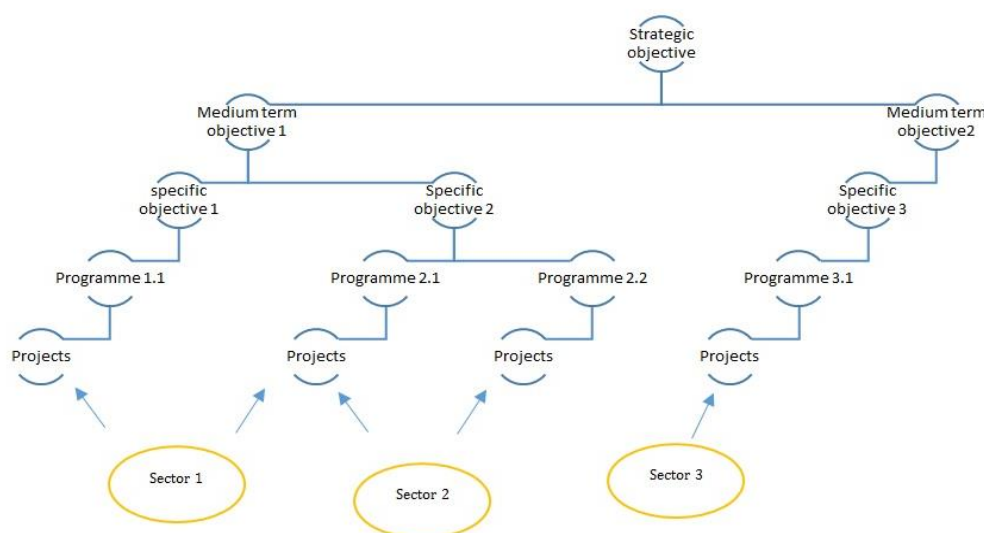
By defining Medium Term objectives we create conditions for defining programs and projects that contribute to the realization of objectives.

Internal factors	STRENGTHS	WEAKNESSES
External factors	OPPORTUNITIES	THREATS

Scheme 3: The basic structure of a SWOT table

4.4 Defining programmes for realization of Medium Term objectives

Achievement of Medium Term objectives are based on the realization of priority programs. The programmes may be comprised of one or more projects. The projects consist of activities. Each programme of the medium term plan can be implemented by one or more organizational units of the institution. The hierarchy of objectives and programs is outlined in Scheme 4.



Scheme 4: Hierarchy of objectives and programmes of the Medium Term Plan of the Institution

4.5 Determining criteria for priority projects

The programs consist of a series of projects which in a varying degree contribute in achieving medium term objectives and require different levels of financial and other resources. In conditions of limited resources in the Medium Term Work Plan there must be a decision-making mechanism to define which projects are priority for the institution. The mechanism for determining priorities allows us to approach the execution of the plan in different scenarios of resource availability.

Defining priorities is done after defining the programs and projects of Medium Term Work Plan of the institution. One of the practical methods for ranking projects from the Action Plan by its priority consists of four steps:

1. Defining criteria
2. Determination of weight for each criteria
3. Scoring projects according to criteria
4. Ranking of the projects

The process of determining the criteria and methods for prioritizing projects is explained in detail in the *Manual for making of medium term plans*, drawn up by the Ministry of Finance and Treasury.

4.6 Defining costs and link with budget process

Programs of the Medium Term Work Plan are financed from the budget, loans, donations and other sources. For each project of the plan, the price of implementation and prescribed source of funding will be determined in Table of Action Plan (Appendix 3). Process of Medium Term Planning is fully compliant with the budgeting process. In the first cycle of making of the Medium Term Work Plan each programme from the Medium Term Work Plan would be linked with the relevant budgetary programme. Depending on the progress of the process of program budgeting, the expectation is that in the future programmes from the medium term plan will serve as a basis for defining budget programmes.

Methods for determining the costs of implementation of the medium term plan are explained in detail in the *Manual for making of medium term plans*, drawn up by the Ministry of Finance and Treasury.

4.7 Monitoring and Evaluation

The objectives of the monitoring and evaluation of the Medium Term Work Plan of the Institution are:

- Determining the degree of realization of the objectives of the Medium Term Work Plan;
- Analysis of the adequacy of strategies that are chosen to achieve the goals of Medium Term Work Plan;
- Creation of a basis for drafting the next three-year Medium Term Work Plan.

4.7.1 Monitoring the execution of the Medium Term Work Programme and Plan

Execution of the Medium Term Work Programme of the Council of Ministers and the Medium Term Work Plan of the Institution of BiH will be monitored through regular annual reports on the basis of the report on the execution of the annual plans. Each report will cover the period from the previous three years.

The Institution of BiH is obliged to prepare a report on the implementation of the Medium Term Work Plan of the Institutions of BiH and to submit the same to the MoFT and DEP at the latest by 15 February of the current year. The report is prepared in a format which is in Appendix 4.

On the basis of the Report on the implementation of the Medium Term Work Plan of the Institutions of BiH, DEP makes Report on implementation of the Medium Term Work Programme of the Council of Ministers by 15 April of the current year.

4.7.2 Evaluation of the Medium Term Work Programme and Plan

Every three years, the Institution of BiH is obliged to prepare a report on the evaluation of implementation of the Medium Term Work Plan of the Institution of BiH and to submit it to the MoFT and DEP before the 1 May. The evaluation is done by internal body within the Institutions of BiH or external organization.

On the basis of the report on the evaluation of the implementation of the Medium Term Work Plan of the Institutions of BiH, DEP prepares Report on the evaluation of the implementation of the Medium Term Work Programme of the Council of Ministers and sent it for approval to the Council of Ministers by 1 September of the current year.

The evaluation procedure is explained in detail in the *Manual for making of medium term plans*, drawn up by the Ministry of Finance and Treasury.

4.8 Action Plan for the Medium Term Work Plan of the Institution

The table overview on all the objectives, programs and indicators is called Action Plan for Medium Term Work Plan of the Institution. Action Plan incorporates the results of previous steps in the medium term planning in the table containing all the essential information required for the presentation and monitoring of the implementation of Medium Term Work Plan.

Table of Action Plan is provided in Appendix 3.

4.9 Deadlines for making the Medium Term Work Plan of the Institution

The process of medium term planning in the Institutions of BiH starts with the receipt of Instruction for making of the Medium Term Work Programme of the Council of Ministers (up to 31 January of the current year). Expert support to the Institutions in preparing the elements for the preparation of the Medium term Program of the Council of Ministers is given by the Ministry of Finance and Treasury, in accordance with the Decision of the Council of Ministers. On the basis of the Instruction, Institution of BiH will submit to the

Directorate for Economic Planning elements for the preparation of the Medium Term Work Programme of the Council of Ministers, *no later than 15 March of the current year*.

4.9.1 Preparation of the Draft of the Medium Term Work Plan of the Institution

After the Directorate for Economic Planning prepares a Draft of the Medium Term Work Programme of the Council of Ministers (no later than 30 April of the current year) Institutions of BiH begin to elaborate parts of the Medium Term Programme of the Council of Ministers related to its mandate.

Expert support to the Institution in the preparation of the Draft of the Medium Term Work Plan of the Institution is done by the Ministry of Finance and Treasury, in accordance with the Decision of the Council of Ministers. Institution of BiH is obliged to publish a Draft of the Medium Term Work Plan of the Institution on its website no later than *1 June of the current year*. Consultations with all partners whose participation is expected in the realization of the plan will be organized as necessary in the period 1 to 30 June of the current year.

4.9.2 Adoption of the Medium Term Work Plan of the Institution

After the completion of consultations and obtaining the opinion of the Ministry of Finance and Treasury, the Head of the Institution of BiH adopts the Medium Term Work Plan of the Institution no later than **30 September of the same year** and publishes it on its website.

4.10 Institutional support for the Medium Term Planning process

The success of any planning process depends on how the planning function is set in the organization. In principle, as the responsibility for development and coordination of the Medium Term Work Plan is established lower on the organizational scale, it is harder to establish the efficiency of the planning function.

In Scheme 5, an example of the organization process of medium term planning in the institution is presented.



Scheme 5: Managing the preparation process of the Medium Term Plan

Head of the Institution has a duty to initiate the development process of the Medium Term Work Plan of the Institution in accordance with the prescribed calendar and that after the end of the process, adopts the Medium Term Work Plan of the Institution.

Coordinator for the Medium Term Planning is a person who has a direct line of communication with all sectors of the Institution and is tasked to manage the planning process, initiate consultation and communication with external institutions and prepares decisions for the adoption of a Medium Term Work Plan for the Head of the Institution.

Position or organizational part for the medium term planning of the Institution has a central function in the medium term planning process in the Institution. The task is to manage the planning process in accordance with this Instruction on Methodology and the *Manual for making of medium term plans* . Within this function, the process of monitoring and reporting on the implementation of the Medium Term Work Plan is performed and, in particular:

- Collecting data on the implementation of the Medium Term Work Plan from all sectors of the Institution;
- The systematic and periodic collection of data crucial for the calculation of the defined indicators of all primary and secondary sources;
- Data analysis and preparation of reports according to the schedule of reporting.

The work group for plan making consists of the leaders of all sectors of the Institution and has the task to propose and harmonize medium term and specific objectives and programs of the Medium Term Work Plan and assess the costs of execution.

Ministry of Finance and Treasury provides expert support to the Work group in appliance of methods and instruments for Medium Term Planning in accordance with this Instruction on Methodology and *Manual for making of medium term plans*.

APPENDIX 1 – WORK PROGRAMME OF THE COUNCIL OF MINISTERS

MEDIUM TERM WORK PROGRAMME OF THE COUNCIL OF MINISTERS

FOR THE PERIOD *(enter the period)* year

Version
(date)

CONTENT

Chapter 1: Introduction

Chapter 2: Vision

Chapter 3: List and description of the overall principles of development and strategic objectives

Annex 1: Action Plan

ACTION PLAN FOR MEDIUM TERM WORK PROGRAMME OF THE COUNCIL OF MINISTERS															
Overall objective/Development principles:															
Strategic objective:															
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
			The framework for measuring achievements						Cost estimates	Sources of Funding					
Medium - term objective	Programmes	Institution responsible for implementation	Indicator	Units of measurement (% , number or descriptively)	The starting value year n	Target value year n+1	Target value year n+2	Target value year n+3	Estimated total costs	Budget	Loans	Donations	Other sources	Total	Program in BFP
Medium - term objective 1															
	Programme 1.1.														
	Programme 1.2														
	Programme 1.3														

Annex 2: Overview of laws, regulations and development investment projects / programmes

OVERVIEW OF LAWS, REGULATIONS AND OTHER DEVELOPMENT INVESTMENT PROJECTS / PROGRAMMES ENVISAGED BY MEDIUM TERM WORK PROGRAMME OF THE COUNCIL OF MINISTERS							
Overall objective/Development principles:							
Strategic objective:							
1	2	3	4	5	6	7	8
Medium - term objective	Programmes	LAWS	SUBLEGAL ACTS	Harmonization with the EU acquis (YES or NO)	The planned period for ADOPTION	NAME OF PUBLIC INVESTMENT PROJECT	EXPECTED PERIOD OF REALIZATION
Medium- term objective 1	Programme 1.1.						
	Programme 2.1.						
	Programme 2.2.						

APPENDIX 2 –CONTENT OF THE MEDIUM TERM WORK PLAN OF THE INSTITUTION OF BIH

MEDIUM TERM WORK PLAN OF THE INSTITUTION

INSTITUTION (*put the full name of the institution*) FOR THE PERIOD (*put the period*)

Version
(*date*)

CONTENT

Chapter 1. Strategic Framework

Description of key documents related to the sector and the work of Institutions which are directly or indirectly used to determine the strategic directions of development of the sector, restrictions, deadlines, key events, the objectives and mandate of the Institution)

Chapter 2: Vision and mission of the Institutions

(Vision statement, mission statement)

Chapter 3: Participants and partners

(Short description of the Institutions being given the jurisdiction, description of other key partners)

Chapter 4: Basic programmes commitments

- Description of medium term objectives, specific objectives and programs for the three-year period (the main focus of the institution in the next three years)

Chapter 5: Resources and capacity needed to achieve the objectives

- The anticipated sources of funding (budget, not budget funds)
- Strengthening the organizational capacity necessary to implement the plan

Chapter 6: A framework for monitoring the implementation of the plan and evaluation of results

- Definition of key indicators
- Methods for collecting information on indicators
- The main conclusions of the previous report on the implementation of the plan

Appendix 3: Action plan for the Medium Term Work Plan of the Institution

Appendix 4: Framework for monitoring of the Medium Term Work Plan

APPENDIX 3 – ACTION PLAN FOR MEDIUM TERM WORK PLAN OF THE INSTITUTION

A) ACTION PLAN FOR MEDIUM TERM WORK PLAN OF THE INSTITUTION

ACTION PLAN FOR MEDIUM TERM WORK PLAN OF THE INSTITUTION (Indicate the name of the institution)																				
Overall objective/Development principles:																				
Strategic objective:																				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
					The framework for measuring achievements						Cost estimates				Sources of Funding					
Medium-term objective	Specific objectives	Programmes	Project	Institution responsible for implementation	Indicator	Units of measurement (% , number or descriptively)	The starting value year n	Target value year n+1	Target value year n+2	Target value year n+3	Estimated costs year n+1	Estimated costs year n+2	Estimated costs year n+3	Total costs	Budget	Loans	Donations	Other sources	Total	Program in BFP
Medium - term objective 1	Specific objective 1.1.																			
		Programme 1.1.1.																		
			Project 1.1.1.1.																	
			Project 1.1.1.2.																	
			Project 1.1.1.3.																	
	Specific objective 1.2.																			
		Programme 1.2.1.																		
			Project 1.2.1.1.																	
			Project 1.2.1.2.																	
			Project 1.2.1.3.																	
		Programme 1.2.2.																		
			Project 1.2.2.1.																	
			Project 1.2.2.2.																	
			Project 1.2.2.3.																	

*Repeat the table for each Medium-term objective

B) OVERVIEW OF LAWS, REGULATIONS AND OTHER DEVELOPMENT INVESTMENT PROJECTS / PROGRAMMES

OVERVIEW OF LAWS, REGULATIONS AND OTHER DEVELOPMENT INVESTMENT PROJECTS / PROGRAMMES ENVISAGED BY MEDIUM TERM WORK PLAN OF THE INSTITUTION								
Overall objective/Development principles:								
Strategic objective:								
1	2	3	4	5	6	7	8	9
Medium - term objective	Specific objectives	Programmes	LAWS	SUBLEGAL ACTS	Harmonization with the EU acquis (YES or NO)	The planned period for ADOPTION	NAME OF PUBLIC INVESTMENT PROJECT	EXPECTED PERIOD OF REALISATION
Medium - term objective 1	Specific objective 1	Programme 1.1.						
	Specific objective 2	Programme 2.1.						
		Programme 2.2.						

APPENDIX 4 – FORMAT OF REPORT ON IMPLEMENTATION OF MEDIUM TERM WORK PLAN OF THE INSTITUTION OF BIH

REPORT ON IMPLEMENTATION OF MEDIUM TERM WORK PLAN

(Enter full name of the institution) for the period (enter period) year

Chapter 1: Introduction

- Brief description of the competence of institutions (maximum one page)
- Summary of achieved annual results with a contribution to achieving the strategic and medium term objectives and perceived challenges to their implementation (maximum two pages)

Chapter 2: Overview of the implementation of the objectives and programmes

(Based on the data from the report on the achievement of annual plans)

Table 1: Overview of the implementation of medium term objectives

REPORT ON IMPLEMENTATION OF THE MEDIUM TERM WORK PLAN OF THE INSTITUTION - Medium - term objectives										
Strategic objective:	1	2	3	4	5	6	7	8	9	10
Medium-term objective	Indicator	Unit of measurement (%, number or descriptively)	Starting value	Current value	Target value year n+1	Target value year n+2	Target value year n+3	Objective achievement (YES/NO)	Explanation	Holders/ coordinators of activities
Medium-term objective 1										
Medium-term objective 2										
Medium-term objective n										

Table 2: Overview of the implementation of programmes

REPORT ON THE IMPLEMENTATION OF THE MEDIUM TERM WORK PLAN OF THE INSTITUTION - Programs										
Strategic objective:	1	2	3	4	5	6	7	8	9	10
Medium term objective	Indicator	Unit of measurement (%, number or descriptively)	Starting value	Current value	Target value year n+1	Target value year n+2	Target value year n+3	Objective achievement (YES/NO)	Explanation	Holders/ coordinator of activities
Medium term objective 1										
Specific objective 1.1.										
Programme 1.1.1.										
Programme 1.1.2.										
Medium term objective 2										
Specific objective 2.1.										
Programme 2.1.1.										
Programme 2.1.2.										
Medium term objective n										
Specific objective n.1.										
Programme n.1.1.										
Programme n.1.2.										

Table 3: Overview of adopted laws, regulations and implementation of development investment projects/programmes

REPORT OF PROPOSED/ADOPTED LAWS, OTHER REGULATIONS AND REALISATION OF THE DEVELOPMENT INVESTMENT PROJECTS/PROGRAMS ENVISAGED BY MEDIUM TERM WORK PLAN OF THE INSTITUTION												
Overall objective/Development principles:												
Strategic objective:												
1	2	3	4	5	6	7	8	9	10	11	12	13
Medium Term objective	Specific objective	Programmes	LAWS	SUBLEGAL ACTS	Harmonization with the EU acquis (YES or NO)	The planned period for ADOPTION	IMPLEMENTED period of implementation (YES/NO)	Comment	NAME OF PUBLIC INVESTMENT PROJECT	EXPECTED PERIOD OF REALIZATION	Completed (YES/NO)	Comment
Medium Term objective1	Specific objective 1											
		Programme 1.1.										
	Specific objective 2											
		Programme 2.1.										
		Programme 2.2.										