

**The European Union's Pre-Accession Assistance (IPA) 2009  
for Bosnia and Herzegovina**

Service Contract №: 2011/282-664,  
EuropeAid/129702/C/SER/BA, Bosnia and Herzegovina  
**Capacity Building for the compilation of accounting  
data within the scope of General Government and  
Public Finance Statistics**

**PFM StAR Project**

The PFM StAR is a capacity building project for the beneficiary institutions' staff to produce consolidated fiscal data in compliance with the ESA 95/2010 standards and requirements. The project is expected to introduce the benefit of expertise and good practices from the EU member states and candidate countries in implementing these standards but taking into account present experience applied in a complex macroeconomic and fiscal policy formulation and coordination system in Bosnia and Herzegovina. However, the main objective of the Project is to enhance the quality of public finance management in BiH and its transparency and accountability.

The main project partners and technical assistance beneficiary institutions are:

- ◆ the Ministries of Finance (state and entity level), including their relevant Sections and Departments
- ◆ Brcko District Department for Finance
- ◆ the Macroeconomic Unit of the Governing Board of the Indirect Taxation Authority, and
- ◆ the Central bank of Bosnia and Herzegovina
- ◆ the statistical institutes/agencies, state and entity level.

The Project includes six major components:

- ◆ **Component 1:** Public finance statistics produced according to ESA methodology
- ◆ **Component 2:** Guidelines with a proposal for implementation on co-operation mechanism between the beneficiaries prepared
- ◆ **Component 3:** Changes in accounting legal framework, where necessary, proposed
- ◆ **Component 4:** Government accounting and reporting standards applicable to public bodies identified, and proposed for recognition and application

- ◆ **Component 5:** Methodologies and guidelines for producing statistical tables prepared
- ◆ **Component 6:** Curriculum developed and implemented for training in all elements necessary for compilation of public finance statistics.

The PFM StAR draws on the experience and benefit from past and present large-scale EU and other donors-funded technical assistance projects in public finance management, legal transition, capacity building, training, education, awareness raising and event organisation projects.

The Project is being implemented along six components listed above and requires achievement the following key Project results, with their corresponding outputs and related activities:

**Result 1:** Public Finance statistics produced according to ESA methodology

**Result 2:** Guidelines with a proposal for implementation on Cooperation mechanism between the beneficiaries prepared

**Result 3:** Changes in accounting legal framework, where necessary, proposed

**Result 4:** Government accounting and reporting standards applicable to public bodies identified, and proposed for recognition and application

**Result 5:** Methodologies and guidelines for producing statistical tables prepared

**Result 6:** Curriculum developed and implemented for the training in all elements necessary for compilation of fiscal statistics.

There have been several risks identified to potentially impact realisation of the Project and the expected results including: (i) lack of absorption capacity of the assistance (ii) weak coordination between the government institutions (iii) non-existence of political commitment.

Also, several risk mitigation actions have been identified and the opportunities to enhance effects of the technical assistance primarily through building of the donor synergy based on collaboration with other related projects and activities.