

Public administration in Bosnia and Herzegovina 2024

Assessment against the Principles of Public Administration



SIGMA Monitoring Reports

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This report provides analysis on how Bosnia and Herzegovina performs based on the standards set by the Principles. It covers the six thematic areas of the Principles (strategy, policy development and co-ordination, public service and human resource management, organisation, accountability and oversight, service delivery and digitalisation, and public financial management) and provides indicator values and comparison of overall trends across the public administration.



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This report was approved by the OECD Public Governance Committee via written procedure on 20 December 2024.

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SIGMA Monitoring Reports - ISSN: 3078-8420 (online) | <https://doi.org/10.1787/9c2f22f8-en>

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List of abbreviations and acronyms

AG	Auditor General
APIF	Agency for Intermediate and Financial Services (RS)
BD	Brčko District
BFP	Budget Framework Paper
BiH	Bosnia and Herzegovina
CERT	Computer Emergency Response Team
CGU	Central Harmonisation Unit
CLRAE	Congress of Local and Regional Authorities of the Council of Europe
CoG	centre of government
CoI	conflict of interest
CoM	Council of Ministers
CPA	Civil Protection Administration of the RS
CSA	civil service agency
CSL	Civil Service Law
DEI	Directorate for European Integration
DEIIC	Department of European Integration and International Co-operation,
DEP	Directorate for Economic Planning
DPS	Department of Public Safety of the BD
DTA	Direct Taxation Authority (RS)
DTAA	Department of Technical and Administrative Affairs
ECF	extra-budgetary funds
EI	European integration
eIDAS	regulation on e-identification and trust services for electronic transactions
EU	European Union
FBiH	Federation of Bosnia and Herzegovina
FCPA	Federal Civil Protection Administration
FD	Finance Directorate (BD)
Federal MoF	Federal Ministry of Finance
FIA	Financial Intelligence Agency
FIDP	Federal Institute of Development Programming
GAWP	government annual work plans

GDP	gross domestic product
GFFBP	Global Framework for Fiscal Balance and Policies
GSB	Government Service Bus
GSG	General Secretariat of the Government
HJPC	High Judicial and Prosecutorial Council
HR	human resources
HRM	human resource management
HRMIS	Human resource management information system
IA	internal audit
IC	internal control
IDDEEA	Agency for Identification Documents, Registers and Data Exchange
IIA	Institute of Internal Auditors
IMC	inter-municipal co-operation
IMF	International Monetary Fund
INTOSAI	International Organization of Supreme Audit Institutions
IPFF	International Professional Practices Framework for internal auditing
ISSAIs	International Standards of Supreme Audit Institutions
ISCN	Integrated System for Centralised Procurement
LAD	Law on Administrative Disputes
LAP	Law on Administrative Procedure
LFAI	Law on Freedom of Access to Information
LGU	local government unit
LLSG	Law on Local Self-Government
LO	Legislative Office
LPLSG	Law on Principles of Local Self-Government
MEI	Ministry of European Integration and International Co-operation,
MoEC	Ministry of Education and Culture
MoF	Ministry of Finance
MoFT	Ministry of Finance and Treasury
MoS	Ministry of Security
MP	Member of Parliament
MTBF	medium-term budgetary framework
MTC	Ministry of Transport and Communications
MTFF	medium-term fiscal framework
NALAS	Network of Associations of Local Authorities of South-East Europe
NGO	non-governmental organisation
NPM	National Preventive Mechanism
OEI	Office for European Integration,

OI	Ombudsman Institution
OLAEUR	Office for Legislation and Alignment with European Union Regulations.
OWIS	PRB internal information system
PAR	public administration reform
PARCO	PAR Co-ordinator's Office
PEFA	Public Expenditure and Financial Accountability
PFM	public financial management
PIFC	public internal financial control
PPA	Public Procurement Agency
PPL	Public Procurement Law
PIP	Public Investment Programme
PPP	public-private partnership
PRB	Procurement Review Body
ReSPA	Regional School of Public Administration
RIA	regulatory impact assessment
RoP	rules of procedure
RS	Republika Srpska
SAI	supreme audit institution
SF PAR	Strategic Framework for Public Administration Reform
SME	small and medium-sized enterprise
SOE	state-owned enterprise
TMIS	Training Management Information System
TNA	training needs analysis
ToC	table of concordance
TPM	top public management
TQM	Total Quality Management
TSA	treasury single account
WCAG	Web Content Accessibility Guidelines

Introduction

The Principles of Public Administration and the European integration path: Measuring the fundamentals

*The Principles of Public Administration*¹ sets out what good public governance entails in practice and outlines the main requirements to be followed by countries during the European Union (EU) integration process. Good public governance is key for achieving economic growth, competitiveness and better quality of life. Democratic governance and the rule of law require capable, accountable and effective public administration. In its 2014 Enlargement Strategy, the European Commission (EC) highlighted public administration reform (PAR) as one of the “fundamentals” of the EU enlargement process. The 2023 EC communication on the EU Enlargement Policy reaffirms this conviction: “The functioning of democratic institutions and public administration reform continue to be among the three fundamentals for the EU accession process.”²

Overall approach: Focus on implementation and results, analysing a variety of primary data sources against precise criteria and benchmarks for an objective and balanced assessment

The updated 2023 edition of *The Principles of Public Administration* reflects the most recent international standards, applicable EU *acquis* and citizen expectations for modern public administration in Europe. Endorsed by the OECD and the European Commission, it covers the same broad scope and thematic areas as the previous edition.

The *Assessment Methodology of the Principles of Public Administration*³ contains a set of standard indicators that SIGMA applies consistently to measure the state of play against the Principles, including the preconditions and enablers for successful reforms (appropriate laws, policies, procedures, institutional structures and human resources); the public administration’s actual implementation practices; and subsequent results (how the administration performs in practice). In the new *Assessment Methodology*, more than half of all criteria focus on implementation practices and results.

While the overall approach recognises that no single measurement method can fully cover the complex issues related to all organisational and behavioural aspects of public administration, SIGMA relies on information from a comprehensive range of sources: administrative data from public registries; national statistics; legislation reviews and government reports; citizen, business, public servant and contracting authority surveys; case reviews of sample government documentation; and over 100 interviews with public servants and civil society. This information is cross-checked and triangulated to arrive at a balanced assessment.

¹ OECD (2023), *The Principles of Public Administration*, OECD, Paris, <https://www.sigmaweb.org/publications/Principles-of-Public-Administration-2023.pdf>.

² European Commission (2023), *2023 Communication on EU Enlargement Policy*, p. 2, https://neighbourhood-enlargement.ec.europa.eu/system/files/2023-11/COM_2023_690%20Communication%20on%20EU%20Enlargement%20Policy_and_Annex.pdf.

³ OECD (2024), *Assessment Methodology of the Principles of Public Administration*, OECD, Paris, <https://www.sigmaweb.org/publications/Assessment-Methodology-Principles-Public-Administration.pdf>.

A regional series with long-term perspective

This monitoring report assesses the state of play in public administration and progress in improving its quality. Given the geostrategic importance of the Western Balkans to the European Union and the ongoing EU accession negotiations, SIGMA conducts regular monitoring of the region. While SIGMA's assessments in 2015, 2017 and 2021 covered the full scope of the Principles of Public Administration, this 2024 report also addresses all Principles and provides a comprehensive and detailed picture of the state of public administration in the region.

This report is based on the *Assessment Methodology* developed to accompany the updated Principles of Public Administration (2023). While the narrative sections clearly describe developments since the last assessment and enable comparisons with previous monitoring, the significant methodological differences between this report and previous ones make comparisons of indicator values inapplicable.

Key insights and recommendations for decision makers, and detailed performance data for practitioners

Thirty-two Principles make up the framework for the six thematic areas, and each Principle has one or two indicators. There are 36 indicators in total, with 289 sub-indicators and 1 732 individual criteria. Indicator values for each Principle are presented at the top of every overview table, ranked on a scale of 0 (lowest) to 100 (highest) and based on the total number of points received for the sub-indicators.⁴ The indicator values provide a comparative picture of the state of play as of 30 June 2024.

The structure of the report mirrors that of the Principles. Each Principle contains a dedicated overview of associated indicator(s) and a summary analysis of the main strengths and weaknesses. Analytical findings and the most relevant recommendations are provided to guide reform efforts and inform the policy dialogue and discussions within the government administration and between the European Commission and the Government.

SIGMA provides an executive brief and summaries for each of the six thematic areas to facilitate understanding at different levels of detail and insight. While the monitoring report shows overall indicator values only, the SIGMA data portal⁵ offers a detailed criteria-level analysis.

SIGMA wishes to thank the Government for its collaboration in providing the necessary administrative data and documentation, as well as for its active engagement during the validation process to ensure the factual accuracy of all information used. We also thank the experts who contributed to this report. Finally, EC partnership and support has enabled SIGMA to prepare this comprehensive long-term focus on public administration reform.

⁴ Point conversion tables can be found in the *Assessment Methodology*.

⁵ <https://par-portal.sigmaxweb.org/>

Executive brief

While overall performance is still weak, some progress has been made in public administration reforms

In December 2022, Bosnia and Herzegovina (BiH) was granted candidate country status for membership in the European Union (EU), and in March 2024 the European Council decided to open accession negotiations.

In 2021-2022, SIGMA conducted a full assessment of the BiH administration in all areas covered by the Principles of Public Administration. The general findings of the SIGMA Monitoring Report were not optimistic: "Progress in several areas is limited and some serious deficiencies, identified previously, remain unresolved. Even when the legislative framework has improved, the implementation is usually weak and fails to achieve the main objectives of the reforms."⁶

Some important developments have taken place in BiH since the last SIGMA assessment:

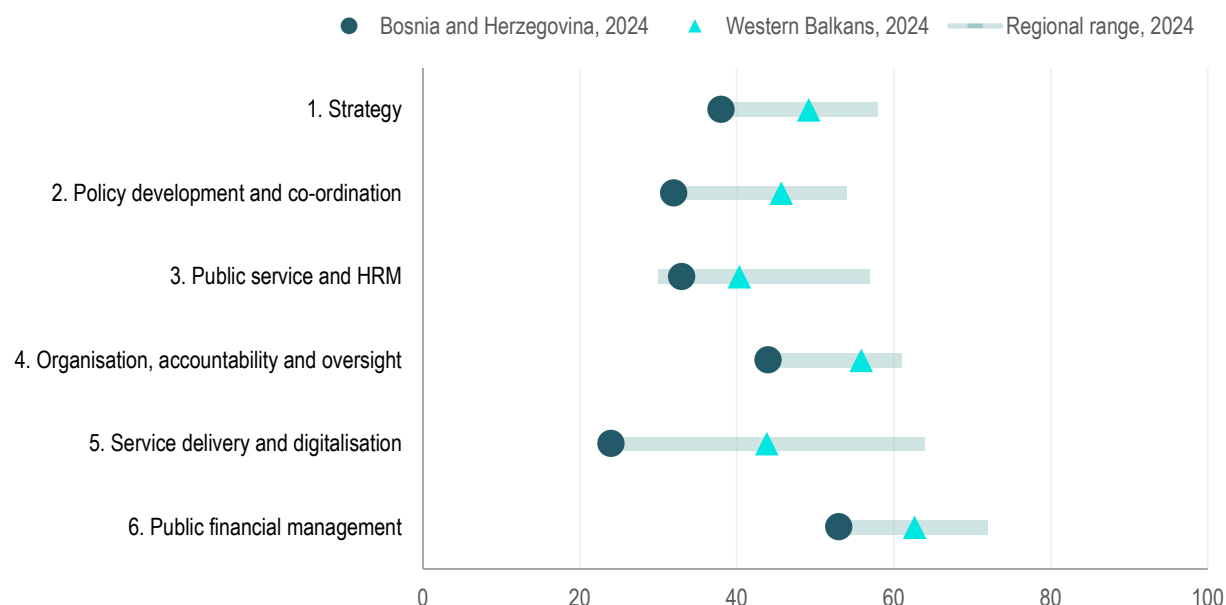
- After years of inaction, the Public Administration Reform (PAR) management and co-ordination mechanism has finally been established and is operational. During 2023, a Co-ordination Platform was adopted across all levels of government, leading to the establishment of a Co-ordination Board.
- The Comprehensive Public Financial Management (PFM) Strategy, adopted in 2022, marks an important development in improving fiscal management across different levels of government. PFM Strategies specific to each administrative level have been developed, laying the groundwork for better financial governance. However, the implementation rate remains low, ranging from 4% to 21%.
- Other significant reforms include the amendment to the Civil Service Law in the institutions of BiH and the adoption of the Strategy for the Development of Human Resources in the Federation of BiH. These reforms aim to promote a meritocratic and depoliticised public service.
- There has been progress in digital government services, notably the launch of a cloud-based electronic signature by the Agency for Identification Documents, Registers and Data Exchange in May 2024. This development is an important step toward simplifying digital data exchange between the government, businesses and citizens.
- In December 2022, the amendments to the Public Procurement Law came into force to enhance transparency and efficiency in the procurement process. In March 2024, the Public Procurement Strategy for 2024-2028 was adopted, aiming to professionalise and modernise procurement practices.

While these are significant steps towards improving the efficiency and transparency of public administration, challenges in implementation, co-ordination and political will continue to affect the pace of these reforms.

In all six key areas of PAR, BiH performs well below the Western Balkan average. The low scores reflect both low actual performance of BiH administration in several areas and frequent failure to provide the data required for SIGMA's assessment. In the case of BiH, 12% of the indicators assessed by SIGMA are affected by data gaps (compared to 5% in the whole Western Balkans region).

⁶ OECD (2022), *SIGMA Monitoring Report: Bosnia and Herzegovina*, OECD, Paris, p. 7, <https://sigmaweb.org/publications/Monitoring-Report-5osnia-and-Herzegovina-May-2022.pdf>.

Figure 1. Overall state of play in the functioning of public administration



Notes: The area average is a simple average of the Principles within the area. The Western Balkan average is calculated as a simple average of all administrations.

The key systemic challenges facing the BiH administration include:

- low reform implementation due to lack of political attention and co-ordination
- fragmented governance that complicates co-operation across different administrative levels
- insufficient financing of public administration reforms
- poor policy co-ordination and planning, leading to inconsistent and low-quality decision making
- deficiencies in accountability and transparency, with weak reporting and public engagement
- inadequate human resource management (HRM), marked by inefficiencies and political influence
- limited digitalisation and modernisation of public services
- public financial management systems that suffer from poor budget discipline and oversight.

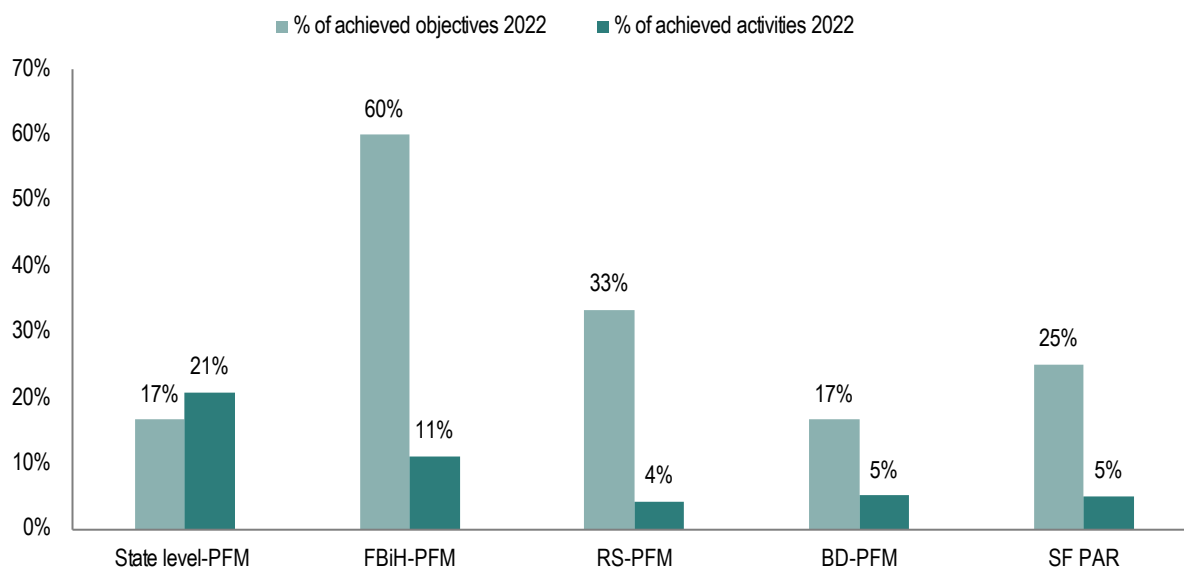
The PAR management and co-ordination mechanism has been formally established, but implementation is low and has not yet produced tangible results

The PAR management and co-ordination mechanism has been established, but its implementation remains low and has yet to yield tangible results. During 2023, the Co-ordination Platform was adopted across all levels of government, and the Co-ordination Board was also set up in 2024. The PAR agenda now includes six key planning documents: the Strategic Framework for Public Administration Reform (SF PAR), extended to 2027; the Comprehensive PFM Strategy, adopted in 2022; and four PFM strategies for each level of administration.

Despite PAR being acknowledged as a priority in political agendas, progress is minimal, with implementation of the SF PAR for 2020-2022 at just 5% and PFM activity rates in 2022 ranging from 4% in the RS to 21% at the State level. There was no actual co-ordination of SF PAR implementation among and within levels. Funding from domestic sources has not improved and covers only 1% of identified financial needs. Accountability, transparency and inclusiveness remain limited, and reports are not prepared regularly and on time, in particular as regards PFM. A SIGMA survey in early 2024 revealed that

only 24% of citizens had seen government information on public administration improvements in the past six months.

Figure 2. PAR agenda implementation (% of all planned actions fully completed by the end of 2022)



Note: The implementation rate of the SF PAR is calculated for the total number of activities covering 2020-2022. Only fully implemented activities are considered to be implemented.

Source: SIGMA assessment based on data provided by the administration during the assessment.

Policy co-ordination by centre-of-government (CoG) institutions remains weak across all levels

There have been no positive developments in BiH in the policy development and co-ordination area since 2021, and it lags behind all regional peers in standing, as in 2021. Government decision-making and planning procedures are largely in place, but their application is weak. Countrywide sector planning remains absent. The transparency of government work is not equally upheld at all levels. The mandate and capacity of centre-of-government (CoG) institutions is insufficient to effectively support and improve the quality of policies and laws. The co-ordination framework of the European integration process is largely in place, but it is not fully operational. Monitoring and reporting on implementation of government policies and work plans and sector strategies are weak.

The systems and tools for impact assessment are inconsistently implemented and of poor quality. Quality assurance, although performed at most levels, is insufficient to enforce standards and improve the quality of analysis. Access to legislation has not improved, subscription is still required, and consolidated laws remain unavailable. In practice, the policymaking process in BiH is non-consultative, with consultations carried out on only around half of the draft laws. Results of consultations are poorly reported to inform final decision making.

Transparency of parliamentary work remains poor, except at the State level, with very little or no information publicly available on the legislative work. As a result, only 23% of the population surveyed believe that the openness of parliamentary work is sufficient.

Some HRM reforms have been implemented, but challenges persist, such as unclear political responsibility, limited capabilities and low public trust in civil servants

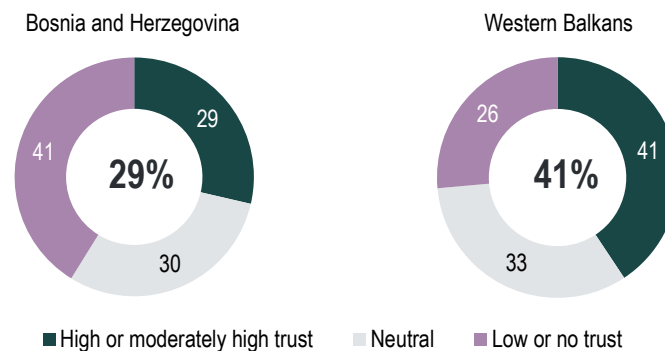
Since 2021, key developments in public service and human resource management (PSHRM) reform in BiH include amendments to the Civil Service Law at the State level and the adoption of the Human Resources Development Strategy in the Federation of Bosnia and Herzegovina (FBiH).

Political responsibility for public service remains unclear. Human and technical HRM capabilities are limited, with no comprehensive workforce planning in place. Job descriptions, evaluation, and classification are underdeveloped, negatively impacting recruitment and salary fairness. While legislation mandates a competitive selection process for civil service positions, the appointment of top candidates is not guaranteed in the FBiH and Republika Srpska (RS). Traditional knowledge-based exams are still generally required for staff selection, despite their weak correlation with future job performance.

The availability of human resources data and monitoring capabilities is insufficient. The establishment of an HRM information system managed by the State-level civil service agency is a positive step, but essential elements of the PSHRM system are not monitored at any level.

According to the SIGMA Survey of Citizens on public administration 2024, trust in civil servants in BiH is low (29%), significantly below the Western Balkan average (41%).⁷

Figure 3. Citizen trust in civil servants



Note: Percentage of aggregated responses to the survey question:

"How much trust do you have in the civil servants? Using a 5-point scale where 1 means you don't trust it at all and 5 means you completely trust it." 1-2 = Low or no trust, 3 = Neutral, 4-5 = High or moderately high trust.

The percentage in the middle is the share of respondents who answered "high or moderately high trust".

Source: Bosnia and Herzegovina and Western Balkans data: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

Some developments, but no significant progress in the area of accountability

No progress has been made in addressing key issues in the structure of public administration. The revision of framework laws on public administration began in the Brčko District, but it has produced no results. Even simpler reforms, such as delegating decision making in ministries, are stalled.

The long-awaited new Law on Freedom of Access to Information was adopted at the State level, but there are concerns about the broad discretion given to authorities to apply restrictions on access to information.

⁷ Trust is an important indicator of how people view and evaluate their government institutions. The OECD has developed a comprehensive framework to understand what drives trust in public institutions and applies this framework in the biennial OECD Trust Survey (OECD, 2021), which up to now has been implemented in OECD member countries and Brazil. The OECD Trust Survey examines what affects trust by measuring people's perceptions of government competence (reliability and responsiveness) and values (integrity, fairness, and openness), then connecting these factors to trust levels across various institutions. More information can be found here: https://www.oecd.org/en/publications/oecd-survey-on-drivers-of-trust-in-public-institutions-2024-results_9a20554b-en.html

Recognising trust as a valuable indicator of public governance performance, the SIGMA Survey of Citizens on public administration—while distinct from the OECD Trust Survey—includes specific questions about trust in public institutions to complement existing indicators from the Assessment Methodology.

No legislative changes were made at the Entity levels, and enforcement of the right to information remains weak.

In 2023, the Ombudsman Institution (OI) saw 50% of its recommendations implemented, although nearly 20% of institutions failed to respond. The undue influence of the executive on the Ombudsman’s budget was removed, but public trust in the OI remains low. The supreme audit institutions (SAIs) face even lower response rates and lack parliamentary support. Parliamentary oversight of the executive is poorly perceived.

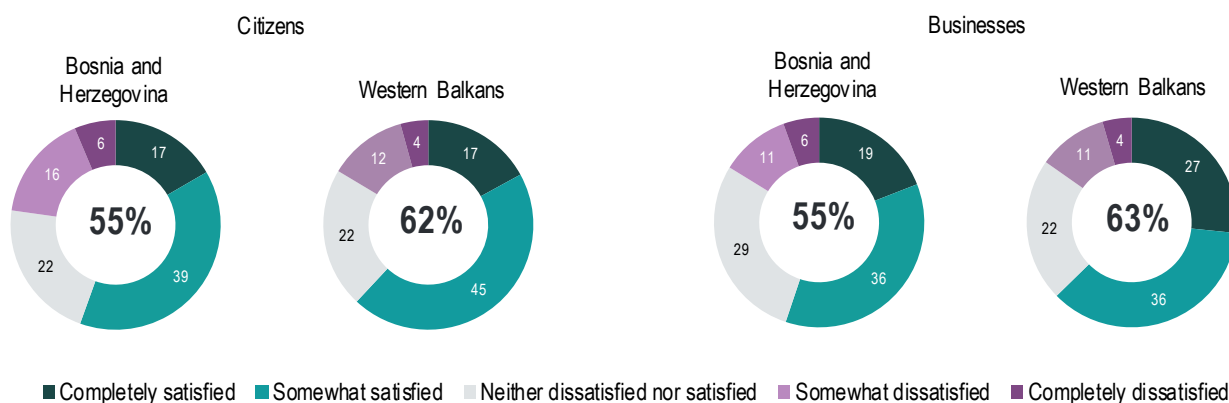
The administrative and judicial review system is mostly consistent across administrations, with some discrepancies. Courts have improved performance in administrative cases, reducing backlogs, but the FBiH still lacks a law to compensate delays in court cases. Authorities are not collecting data on administrative procedures to identify and address potential challenges.

The integrity system, including legislation, institutions, policies, and practices, is still underdeveloped. Despite some positive developments, such as improved legislation on conflicts of interest in the institutions of BiH, there are important legislative gaps, particularly regarding detailed integrity rules for civil servants, declaration of interests and assets, and lobbying activities.

Little progress has been made in the service delivery area

There is an overall lack of developing user-engagement instruments, setting service standards and monitoring the quality of services and service delivery. There are no central portals that would provide information and access to services online. While the “once-only” principle is enshrined in legislation, the interoperability of registries over the central technical infrastructure (the Government Service Bus) is very limited. Accessibility of administrative services through physical channels is good, but very few services can be applied for or used online. There is no plan to improve accessibility for people with special needs, except in the RS where the Strategy for Improving the Social Position of Persons with Disabilities 2017-2026 has accessibility-related objectives. Satisfaction of users (both citizens and businesses) with administrative services is below the regional average.

Figure 4. Satisfaction with administrative services in general



Notes: Percentage of valid responses to the question: “In general, how satisfied or dissatisfied were you with the administrative services in BiH including all public administrative services you have been in contact with?” The percentage in the middle is the share of the respondents who answered “completely satisfied” or “somewhat satisfied”.

Sources: SIGMA Surveys of Citizens and Businesses on public administration in the Western Balkans 2024.

The most important development in the area of digital government has been the creation of the Agency for Information and Communication Technologies in the RS, which supports the Ministry of Transport and Communication in developing and executing e-government policies. At other levels of government, responsibility for e-government is still divided, mandates are weak, and resources are lacking.

Despite some recent improvements, PFM systems continue to face serious challenges

Due to the constitutional set-up of BiH, four different PFM systems exist, with key features unchanged since 2021. Significant challenges persist in approving budget planning documents according to the budget calendar, undermining budget discipline and limiting parliamentary scrutiny. Fiscal rules and an independent fiscal council have been established in the RS, but not at the State level or in the FBiH. Recent developments have aimed to improve the legal framework for public investments, but large capital investment decisions often lack independent and transparent cost-benefit appraisals. Tax collection is efficient, but digitalisation is low.

The internal control framework in BiH is established, but implementation varies, with inconsistencies across budget institutions in policy application, risk management and adherence to guidelines. The regulatory framework for internal audit is largely complete and aligned with international standards, but implementation gaps remain, particularly in quality assurance in the FBiH and the RS.

Recent developments in public procurement include amendments to the Public Procurement Law and a new strategy for 2024-2028. Despite a solid legal and institutional framework, implementation is poor and procurement efficiency has not improved. The regulatory framework for concessions and public-private partnerships (PPPs) remains fragmented, lacking strategic planning and efficient review mechanisms, leading to limited PPP activity.

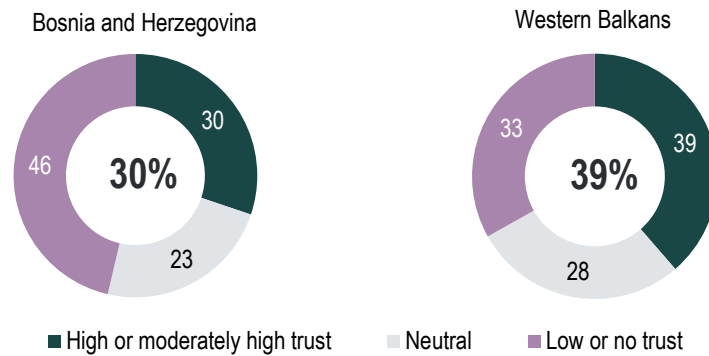
The independence, mandate and organisation of SAIs are defined in SAI Laws, although not in the constitutions. Recent years have seen improvements in strategic planning and communication systems. While the SAIs conduct audits according to the International Standards of Supreme Audit Institutions, the number of performance audits is limited due to resource constraints.

Multi-level governance suffers from persistent weaknesses in financial management, oversight, and intergovernmental co-operation

While a relevant, comprehensive local government reform strategy was approved in the RS in 2023, in the FBiH there is no strategy to guide improvements in multi-level governance. In the FBiH in particular, the position of local self-government is negatively impacted by the complex and intricate structure of multi-level governance. There are many challenges in communication and co-operation between federal authorities and local governments, as evidenced by the federal authorities' difficulty in gathering data, the lack of an integrated supervision system and the absence of a federal policy to encourage inter-municipal co-operation.

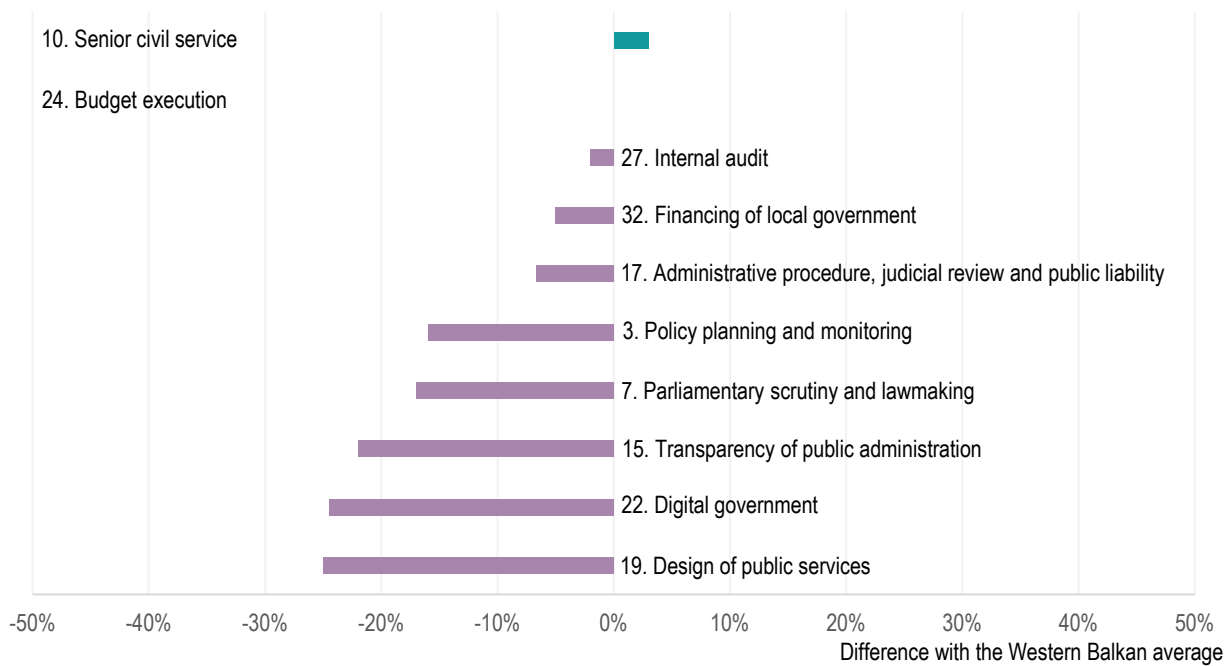
The legal framework in both Entities of BiH includes provisions to ensure the fiscal autonomy of municipalities. It introduces various revenue streams and sets specific criteria for resource allocation to municipalities. There is a comprehensive system for financial supervision and auditing. Despite the multiple control mechanisms, the level of debt and lack of financial data raise concerns about actual financial management practices at the local level. Results from the SIGMA Survey of Citizens on public administration 2024 show that less than a third of respondents trust local governments in BiH, significantly below the Western Balkan average.

Figure 5. Citizen trust in local governments



Note: Percentage of valid responses to the survey question: "How much trust do you have in the local government? Using a 5-point scale where 1 means you don't trust it at all and 5 means you completely trust it." 1-2 = Low or no trust, 3 = Neutral, 4-5 = High or moderately high trust. The percentage in the middle is the share of respondents who answered "high" or "moderately high trust".
 Source: Bosnia and Herzegovina and Western Balkan data: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

Figure 6. Principles with highest and lowest indicator values compared to the Western Balkan average



Notes: The green bar shows the highest indicator value. The purple bars show the lowest indicator values. The value of indicator 24 is equal to the Western Balkan average.

The way forward

Based on the comprehensive analysis of strengths and weaknesses in all key horizontal areas of public administration in BiH and several detailed recommendations provided in the Monitoring Report for each section, the actions below are identified as crucial for successful public administration reform:

- Strengthen political steering and thematic co-ordination of SF PAR implementation, and increase funding from domestic resources for PAR agenda.
- Strengthen CoG mandates to effectively support policy development and government decision making.
- Accelerate public service reforms at all levels of government to improve staff recruitment and selection methods, and ensure merit-based HRM.
- Create a service delivery strategy, integrating instruments of administrative simplification and service redesign, user-engagement and service standards, and continuous monitoring of service performance.
- Improve and develop practices for assessment, management and monitoring of fiscal risks.



Strategy

The government ensures a strategic **vision and leadership** for an agile, innovative and continuously improving public administration responsive to new challenges.

The Principles of Public Administration

- Principle 1** A comprehensive, credible and sustainable public administration reform agenda is established and successfully implemented, fostering innovation and continuous improvement.

Summary and recommendations

After a decade of commitments confined to paper, the public administration reform (PAR) management and co-ordination mechanism has finally been formally established and is operational. During 2023, the Co-ordination Platform was adopted across all levels of government. The Co-ordination Board, consisting of the Chairwoman of the Council of Ministers (CoM) of Bosnia and Herzegovina (BiH), the Prime Ministers of the Governments of the Federation of Bosnia and Herzegovina (FBiH) and Republika Srpska (RS) and the Mayor of the Brčko District (BD), was also established in February 2024 and convened its first inaugural meeting. Additionally, the formation of Supervisory Teams, serving as the primary multi-institutional vehicle for implementation of the Strategic Framework for Public Administration Reform (SF PAR), was completed in March 2024, and the teams have since convened twice to discuss the revision and prioritisation of the SF PAR Action Plan.

PAR agenda reforms are now comprehensively established through six PAR agenda planning documents: the SF PAR extended to 2027, the Comprehensive Public Financial Management (PFM) Strategy adopted in 2022 and four PFM Strategies, one for each level of administration.

Although PAR is recognised as a priority in key political and strategic documents at most levels of government, it has not yet translated into tangible results. Implementation of the PAR agenda remains low. In particular, the implementation rate of activities related to the SF PAR for the period 2020-2022 is only 5%, while in the PFM area it was average 10% in 2022. The implementation and financial viability of planned reforms remains at risk, as there is no reliable information on estimated costs and resource allocation, including from domestic sources. The funding of the SF PAR from domestic sources is grossly insufficient with an estimated 1% from all identified financial needs. Overall, the management of the PAR agenda lacks sufficient political attention and genuine co-ordination work by PAR Co-ordinators, Supervisory Teams and PFM working groups, as well as direct responsibility and accountability of public servants for implementation of activities.

Accountability, transparency and inclusiveness of the PAR agenda are very limited. The preparation of reports is neither regular nor timely. While the reports on SF PAR have been prepared and published on time in recent years, the reports on PFM Strategies are neither timely nor published according to schedule. Involvement of non-state stakeholders in development and implementation of the PAR agenda has been either formal (in the case of the SF PAR) or lacking (in the case of PFM Strategies). This hinders the overall transparency of implementation of the PAR agenda, limiting both the exposure of PAR to society at large and public interest in it. According to the SIGMA Survey of Citizens on public administration in the Western Balkans 2024, conducted in March-April 2024, only 24% of citizens said they had seen government information related to the improvement of work of the public administration during the last six months.

Overall, the existing strategic plans, institutional set-up and related guidance for reform planning and implementation are largely in line with the Principles of Public Administration. However, day-to-day implementation and results in the area include significant gaps and inconsistencies that limit the effectiveness and impact of the PAR agenda.

Figure 7. State of play in strategy by type of criterion



Notes: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

Recommendations

1. The CoM of BiH and the Governments of the FBiH, the RS and the BD should increase the funding of the PAR agenda from domestic sources.
2. The CoM of BiH and the Governments of the FBiH, the RS and the BD should adopt a prioritised and revised SF PAR Action Plan, with adjusted implementation deadlines and costing of activities to allow for realistic, phased-in and balanced planning of reforms.
3. The PAR Co-ordinators together with the PAR Co-ordinator's Office (PARCO) should ensure regular and structured follow-up of implementation of the SF PAR by the Supervisory Teams and, as necessary, escalation to the respective ministers and Co-ordination Board in case of delays in implementing activities or to resolve any challenges.
4. The ministries of finance (MoFs) at the State level and in the FBiH and the RS and the Finance Directorate (FD) of the BD should ensure regular, timely and structured co-ordination and monitoring of implementation of CPFMS and their respective PFM strategies, in particular:
 - a. They should revise the reporting requirements in the respective regulations to ensure finalisation and publication of all PFM Strategy reports at the latest by the end of the first quarter of the following year.
 - b. They should introduce a digital monitoring and reporting tool to ensure timely data collection, monitoring and reporting. The existing digital monitoring platform for the SF PAR could be used for this purpose.
5. The MoFs at the State level, in the FBiH and the RS and the FD of the BD should develop new PFM planning document(s), based on sufficient analysis, with time-bound, costed, reform-oriented activities and a monitoring framework with measurable indicators, to ensure that valid planning documents will be in place as of 1 January 2026. The revision of the PFM action plans, when necessary, must be completed prior to the commencement of the planned year.
6. PAR Co-ordinators, PARCO, MoFs at the State level and in the FBiH and the RS and the FD of the BD should establish a mechanism to involve non-state actors in the preparation and implementation of the PAR agenda.

Analysis

Principle 1: A comprehensive, credible and sustainable public administration reform agenda is established and successfully implemented, fostering innovation and continuous improvement.

Indicator 1. Quality of public administration reform (PAR) agenda	2024 indicator value				38/100
	State level	FBiH	RS	BiH	
Sub-indicators	Points				
1. Prioritisation of PAR in key horizontal planning documents	4/8	4/8	4/8	4/8	
2. Scope and comprehensiveness of PAR agenda	19/23	19/23	19/23	19/23	
3. Reported implementation rate of PAR agenda	0/30 ⁱ	0/30 ⁱ	0/30 ⁱ	0/30 ⁱ	
4. Management and co-ordination of PAR agenda	7/12	7/12	7/12	7/12	
5. Monitoring implementation of PAR agenda	6/10	6/10	6/10	6/10	
6. Stakeholder involvement and communication	2/8 ⁱⁱ	1/8 ⁱⁱ	1/8 ⁱⁱ	1.5/9	
7. Promotion of innovative practices	0/6 ⁱⁱ	0/6 ⁱⁱ	0/6 ⁱⁱ	0.6/8	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise. (i) = data not available or not provided. (ii) = data not applicable.

The PAR agenda is established in BiH. It is comprised of the Strategic Framework for Public Administration Reform in Bosnia and Herzegovina 2018-2022 covering all administrative levels of BiH. In 2022, the timeline of implementation of the SF PAR was extended by all administrative levels for an additional five years, to 2027.⁸ Each level of the BiH administration has developed and adopted its own PFM strategic documents.⁹ The PFM agenda is additionally complemented by the Comprehensive Public Financial Management Strategy in Bosnia and Herzegovina 2021-2025 (CPFMS).¹⁰ It is a BiH-wide compendium of PFM strategies of the four levels. Without aiming to replace them, it provides an overview of objectives and measures of the strategies of the four levels of government in a harmonised structure, allowing for concerted action on individual reforms aimed at achieving better PFM systems for all citizens.¹¹ Together with the SF PAR, these documents complete the PAR agenda, covering all five key PAR areas.

All strategic documents are accompanied by related action plans. Similar to the PAR Strategy, the validity of the five-year Action Plan was extended until 2027. The Action Plan of the PFM Strategy of the RS was adopted with the Strategy in 2021 and remains unchanged. The PFM Action Plans for the CPFMS, State level, the FBiH and the BD are revised annually, with the adoption of annual reports. Annual reports are

⁸ Decision of the CoM of BiH on Amending the Decision on the Adoption of the Strategic Framework for Public Administration Reform in Bosnia and Herzegovina 2018-2022, Official Gazette of BiH No 78/22. Decision of the Government of the FBiH on Amending the Decision on the Adoption of the Strategic Framework for Public Administration Reform in BiH 2018-2022, Official Gazette of BiH No 71/2022. Conclusion of the Government of the RS, No. 04/1-012-2-2405/22, 7 July 2022. Decision of the Government of the BD No 01.11-0377MB-078/22, 27 July 2022.

⁹ The four PFM strategic documents are: 1) Strategy for Improving Public Financial Management in the Institutions of BiH for the Period 2021-2025; 2) Strategy for Public Financial Reform in the FBiH 2021-2025; 3) Public Financial Management Strategy of the RS 2021-2025; and 4) Strategy of Public Financial Management Reform in the BD of BiH for the Period 2021-2025.

¹⁰ Adopted by the CoM of BiH on 28 July 2022.

¹¹ Comprehensive Public Financial Management Strategy in BiH 2021-2025, p. 3.

usually prepared in the second half of the following year, causing a delay in the revision of action plans. The State level Action Plan for 2023 was adopted in September 2023,¹² the BD Action Plan in October 2023,¹³ the CPFMS Action Plan in November 2023¹⁴, and the FBiH Action Plan for 2023 even later, in December 2023, just nine days before the end of the approved year. This delay leads to plans being adjusted based on actual implementation and raises questions about the timeliness and effectiveness of annual planning.

PAR is recognised as a priority in different key government political and strategic documents to a varying degree across different administrative levels. At the State level, the Exposé of the Chairwoman of the CoM of BiH for the period of 2022-2026¹⁵ identifies PAR as one of its nine priorities, and the Strategic Framework of Institutions of BiH until 2030¹⁶ recognises a transparent, efficient and responsible public sector as its strategic goal. The 2023-2026 Exposé of the Prime Minister of the RS ranks digitalisation, administrative simplification and reduction of administrative burden among its priorities. The Development Strategy for 2021-2027 of the FBiH¹⁷ prioritises achieving a transparent, efficient and accountable public sector as one of its four primary goals and expands it further through dedicated priorities and measures. While the Development Strategy for 2021-2027 of the BD¹⁸ reviews public administration and service delivery in its situation analysis, these aspects are not further elaborated as strategic objectives or measures within the document. The Framework for the Implementation of Sustainable Development Goals in BiH¹⁹ acknowledges good governance and public management as a priority.

The coherence between government and PAR planning documents could only be partially analysed. Due to the automatic extension of all deadlines by five years, the SF PAR Action Plan does not include any activities with deadlines set for 2023 or 2024. The alignment of PFM action plans with the respective government annual work plans (GAWPs) is weak. The FBiH PFM Action Plan includes two laws in 2024, but one is not included in the FBiH Government Annual Work Plan (GAWP) for 2024. Similarly, the RS PFM Action Plan outlines two laws for 2023 that are not included in the RS Government's GAWP. The comparison was not possible for the BD, because legislative activities in the revised PFM Action Plan for 2023 are not clear enough to match to the laws, and for the State level because the GAWP for 2024 was not provided for this assessment. Due to the automatic extension of all deadlines by five years, the SF PAR Action Plan does not include any activities with deadlines set for 2023 or 2024.

In terms of the quality of PAR planning documents, the SF PAR and the four PFM Strategies provide detailed situation analyses and reform objectives that are supported by outcome-level indicators to assess the attainment of the objectives. However, only the SF PAR has consistently set baseline and target values for outcome-level indicators, while the PFM Strategies miss such values for some indicators across objectives. This hinders the measurement and assessment of actual performance against expected targets. Furthermore, the CPFMS does not provide a situation analysis.

All PAR agenda planning documents have lead institutions and deadlines set for all their planned activities, except in the CPFMS. However, all SF PAR activity implementation deadlines were postponed to 2026

¹² Annual Report on the Implementation of the Strategy for Improving Public Finance Management of the Institutions of BiH for 2022 with the Action Plan for 2023, adopted 14 September 2023.

¹³ Annual Report on Implementation of Public Finance Management Reform Strategy of the SD of BiH 2021-2025 for 2022 with annual Action Plan for 2023, adopted 13 October 2023.

¹⁴ Consolidated Annual Report on the Implementation of the Comprehensive Strategy of the PFM in BiH for 2022, with Consolidated Annual Action Plan for 2023.

¹⁵ Delivered in the Parliament of BiH:
https://www.vijeceministara.gov.ba/pdf_doc/EKSPoze%20Borjana%20Kristo%20_%2028-12-2022%20BOS.pdf.

¹⁶ Adopted by the CoM of BiH, November 2022.

¹⁷ Adopted by the House of Representatives of the Parliament of the FBiH, 27 April 2021.

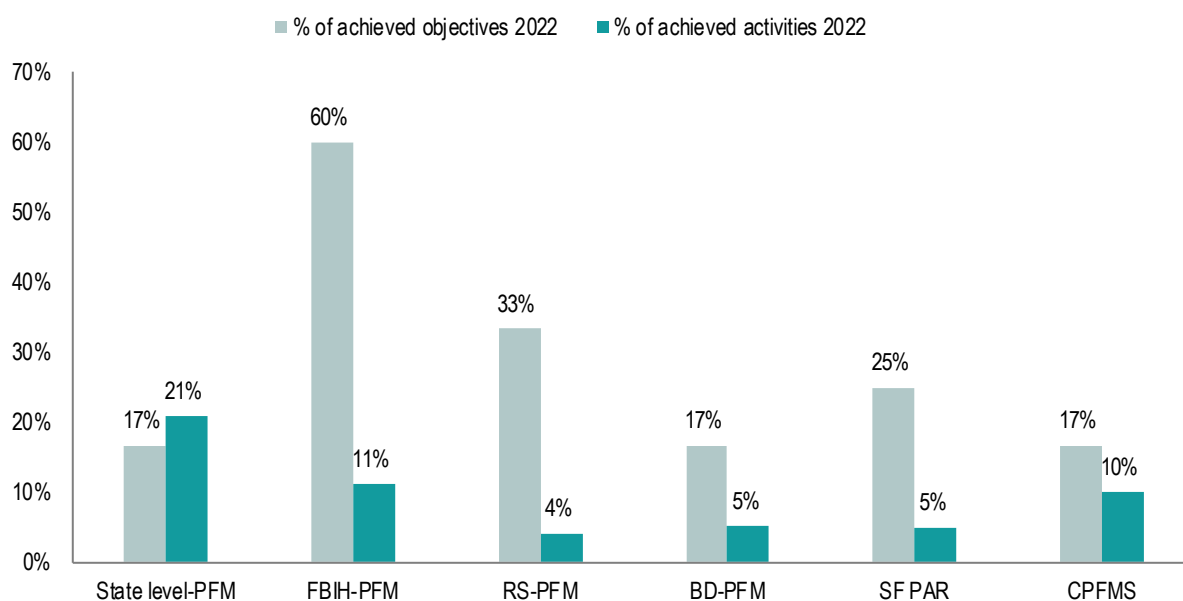
¹⁸ Adopted by the Assembly of the BD, 19 May 2021.

¹⁹ Framework for the Implementation of Sustainable Development Goals in BiH, adopted by the CoM in April 2021.

and 2027, and the costing of the PAR reforms remains insufficient. Of 140 SF PAR activities, 136 are costed (97%). Financial information in the four PFM strategies is very rudimentary and CPFMS lacks any information on financing. Only 31 of 57 activities (54%) of the RS PFM Strategy are costed. The FBiH PFM strategy lacks financial details for all of its 95 activities, with only some measures being costed, albeit incompletely and inconsistently. The same applies to the BD and State level PFM strategies. The absence of consistent costing across all PFM strategies precludes determining the ratio between domestic and donor funding. The funding of SF PAR from domestic sources remains alarmingly low, currently estimated at just 1% from all identified financial needs.

The implementation of the PAR agenda could not be assessed for 2023. After extension of the SF PAR, all activities and outcome-level targets are set for the final years of the strategy; for the PFM Strategies the reports for 2023 were not provided for assessment. The latest available comprehensive data, from 2022, shows alarmingly low implementation rates – only 8% average implementation for activities and 20% for objectives (Figure 8). Such consistently low implementation rates suggest that planning remains overly ambitious and fails to consider limited implementation capacities.

Figure 8. PAR agenda implementation (% of all planned actions fully completed by the end of 2022)



Note: The implementation rate of the SF PAR is calculated for the total number of activities covering 2020-2022. Only fully implemented activities are considered to be implemented.

Source: SIGMA assessment based on data provided by the administration during the assessment.

There have been positive changes in the management of the PAR agenda since the last assessment. In 2024, the PAR co-ordination and management structure finally became fully operational.²⁰ The PAR Co-ordinator continues to be in charge of co-ordinating activities related to the preparation, adoption and implementation of the strategy for public administration reform in BiH. Overall institutional responsibility for co-ordination of SF PAR is assigned to the State level PARCO, and additionally in the FBiH to the Federal Ministry of Justice and its subordinate Institute for Public Administration, in the RS to the Ministry of

²⁰ The Common Platform on Principles and Way of Implementation of Public Administration Reform, adopted by the CoM of BiH 26 June 2023, by the FBiH 4 August 2023, by the RS 14 July 2023 and the BD 7 June 2023.

Administration and Local Self-Government, and in the BD to the Office of the Mayor. At the managerial level, co-ordination remains assigned to the PAR Co-ordinators.²¹

Political-level co-ordination for PAR in BiH is ensured through the Co-ordination Board for Public Administration Reform, which was established and became operational in February 2024. Its permanent members are the Chairwoman of the CoM of BiH, the Prime Minister of the Government of FBiH, the Prime Minister of the RS and the Mayor of BD. The Co-ordination Board held its first meeting on 12 February 2024. There is no established political-level co-ordination mechanism to steer the implementation of the PFM reforms in BiH.

The SF PAR and PFM strategies each have their own administrative-level co-ordination. For the SF PAR, co-ordination is ensured through regular meetings of PAR Co-ordinators²² and also through the Supervisory Teams. In 2023, the PAR Co-ordinators met seven times, focusing mainly on technical decisions related to preparation of the PAR report, establishment of the Common Co-ordination Platform and meetings of the Co-ordination Board. Supervisory Teams were formed in 2024 for individual reform areas, with members from relevant institutions at all administrative levels. As the structure has only recently begun to function, its effectiveness could not be fully assessed. Since their formal establishment in March 2024, the Supervisory Teams met twice to discuss the revision and prioritisation of the SF PAR Action Plan.

For co-ordination and oversight of reforms deriving from the PFM strategy, special working groups involving administrative-level officials from the implementing institutions have been established at the State level,²³ in the RS²⁴, in the BD and for CPFMS.²⁵ However, the system faces challenges; the working groups are not representative of all relevant institutions and they did not meet regularly (for example, working groups at the State level and in the BD did not meet once in 2023), except for the working group of the CPFMS.²⁶ In the FBiH, administrative-level co-ordination for the PFM Strategy is assigned to the Federal MoF,²⁷ but there are no specific details on co-ordination mechanisms, procedures or responsibilities.

Reporting and monitoring of the SF PAR has improved in the last two years with the publication of the final SF PAR report for 2020-2022 in March 2023 and the report for 2023 in February of the following year. Annual PFM reports are not prepared until the second half of the following year, despite a formal requirement at some levels to produce them much earlier in the year (the State level²⁸ and BD Annual

²¹ The State level PAR Co-ordinator is positioned within the Office of the Chairman of the CoM of BiH, overseeing the work of PARCO. In the FBiH, the PAR Co-ordinator is the chief federal administrative inspector at the Federal Ministry of Justice. In the RS, the PAR Co-ordinator is an Assistant Minister of the RS Ministry of Administration and Local Self-Government and leads the Department for Public Administration Reform and Normative Affairs within the Ministry. In the BD, the PAR Co-ordinator oversees the work of the Public Administration Reform Co-ordinator's Office within the Office of the Mayor.

²² Article VI of the Common Platform on Principles and Way of Implementation of Public Administration Reform.

²³ Working Group for the Development of a Strategy for the Improvement of Public Financial Management in the institutions of BiH 2021-2025, established by the Decision of the CoM of BiH No. 186/20 of 2 September 2020.

²⁴ Working Group for Monitoring and Reporting on the Implementation of the Public Financial Management Strategy of the RS for the period 2021-2025, established by the Decision of the Government the RS No. 01/1-012-2-1895/22 of 2 June 2022.

²⁵ The information is based on the April 2024 interview with the FD of the BD, as written documentation about the establishment and operations of the working group was not shared with SIGMA.

²⁶ The MoF of the RS reported that the Working Group for Monitoring and Reporting on the Implementation of the Public Financial Management Strategy of the RS for the period 2021-2025 meets occasionally, but does not have a regular schedule. However, no meeting minutes were submitted for SIGMA review.

²⁷ Strategy for Public Financial Management in the FBiH 2021-2025, p. 112.

²⁸ Decision of the CoM of BiH No. 186/20 of 2 September 2020, Article 3.

Reports are required to be prepared by February). Late reporting severely hampers the possibility to implement corrective measures and improvements, especially since action plans for the current year are adopted together with the annual reports. Another issue is the lack of real-time central monitoring for the PAR agenda so that the information on implementation is collected only shortly before report deadlines. The digital monitoring and reporting platform exists only for the SF PAR; it is absent for the PFM strategies.

Co-operation with non-state actors has not improved since 2021. The engagement remains minimal, primarily limited to online consultation of planning documents. Even this is inconsistently carried out across different levels of BiH administration. The decision on the extension of SF PAR and its Action Plan was published for consultation between 29 June and 14 July 2022 on the PARCO website, and the State level PFM annual Action Plan for 2023 underwent a required two-week consultation in July 2023.²⁹ However, there is no information on public consultation for the revision of the CPFMS, FBiH and BD PFM Action Plans. The RS PFM Strategy and Action Plan were not revised since their adoption in 2021, but there was no consultation on them at the time either.

As regards PAR communication, only 24% of citizens surveyed replied they had seen government information related to the improvement of work of the public administration.³⁰ Official PAR agenda websites also lack comprehensive information. While the official PARCO website,³¹ as the main page for PAR in BiH, contains planning documents and reports on SF PAR, and is regularly updated, agendas and minutes of meetings of the PAR co-ordination structures at both political and administrative levels are not published. Similarly, PFM agenda information at the State level, in the FBiH and in the RS is limited to publishing only original PFM planning documents and reports. For the BD, only the original PFM Strategy is available online, with no PFM Strategy reports or revision plans.

Promotion of innovation in public administration is so far insufficient. Government work planning or PAR planning documents do not place innovation among their priorities. No special events, competitions or awards were organised at any level to share existing good practices on innovative approaches throughout the public administration. On the other hand, 40% of civil servants surveyed believe that their organisations are continually encouraging them to look for new ways of improving the way things work.³²

²⁹ The consultation was carried out on the e-consultation portal from 17 July to 1 August 2023.

³⁰ SIGMA Survey of Citizens on public administration in the Western Balkans 2024, conducted in March-April 2024: 19.4% of respondents answered "Tend to agree" and 4.7% "Strongly agree" to the question: To what extent do you agree or disagree with the following statement?: "During the last six months, have you seen government information related to improvement of work of public administration."

³¹ Available at: <https://parco.gov.ba/en/>.

³² SIGMA Survey of Public Servants on the functioning of public administration in the Western Balkans 2024, conducted in March-April 2024.



Policy development and co-ordination

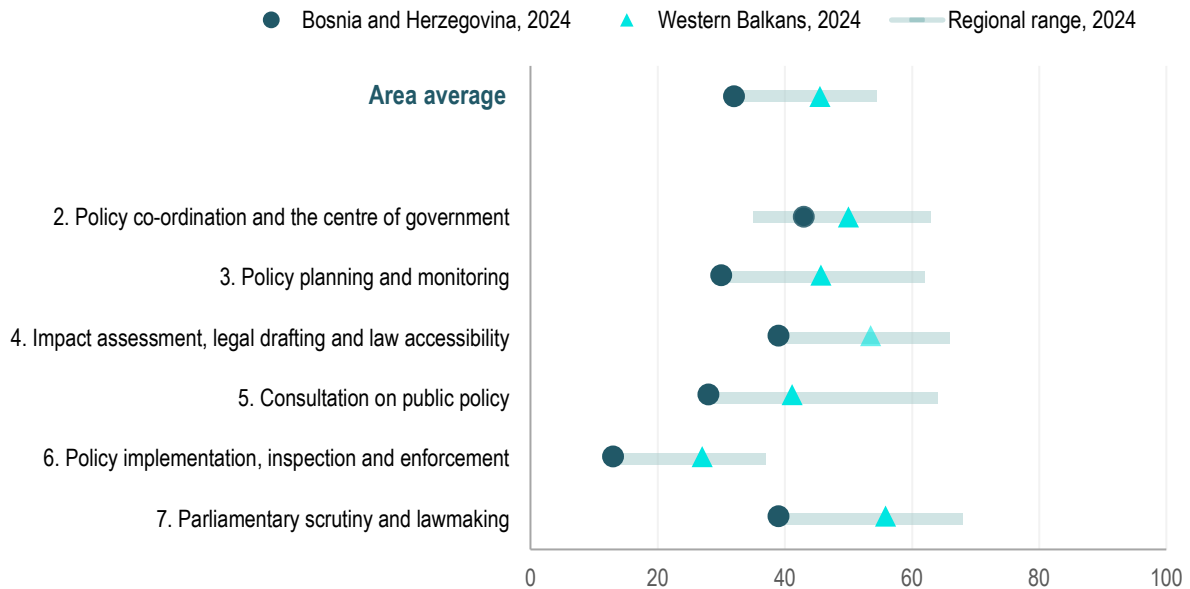
The government ensures that **policies and budgets are harmonised**, effectively planned, co-ordinated across the whole-of-government, implemented, monitored and evaluated against clearly defined policy objectives. Ministries develop coherent public policies through an open and participatory process, informed by sound evidence and analysis.

The Principles of Public Administration

- Principle 2** Public policies are coherent and effectively co-ordinated by the centre of government; decisions are prepared and communicated in a clear and transparent manner.
- Principle 3** The government plans and monitors public policies in an effective and inclusive manner, in line with the government fiscal space.
- Principle 4** Public policies are developed based on evidence and analysis, following clear and consistent rules for law making; laws and regulations are easily accessible.
- Principle 5** All key external and internal stakeholders and the general public are actively consulted during policy development.
- Principle 6** Public policies are effectively implemented and evaluated, enhancing policy outcomes and reducing regulatory costs and burdens.
- Principle 7** The parliament effectively scrutinises the government policymaking and ensures overall policy and legislative coherence.

Summary and recommendations

Figure 9. The overall indicator values in the policy development and co-ordination area



Notes: Area average is a simple average of the Principles within the area. Western Balkan average is calculated as a simple average of all administrations.

Policy co-ordination by the centre-of-government (CoG) institutions remains mediocre across all levels. There are no adequate procedures, mechanisms and practice for CoG bodies to internally co-ordinate their opinions on the quality of policy proposals and government work plans. Similarly, consistency of central quality control and oversight of policy proposals has gaps across several key CoG functions at all levels of BiH, which undermines the quality of policy decisions. Government decision-making procedures are well regulated, but the transparency of government work is not equally upheld at all levels. The co-ordination framework of the European integration (EI) process is largely in place at all levels but is not fully operational, while the mechanisms for managing accession negotiations are not yet in place.

Policy planning requirements are formally established, but the quality and implementation are well below the required standards. Although government work plans are technically prepared, the focus on reforms and alignment with political government programmes are weak. Development of sector strategies is well regulated at all levels, except for countrywide strategies, but the quality review has been assigned only in the RS. The quality of policy planning documents remains insufficient, with significant shortcomings present in their alignment, performance measurement and costing. Implementation of commitments is low at most levels. The publication of policy planning documents is upheld at most levels. The absence of an EI plan since 2020 highlights gaps in capacity and the effectiveness of co-ordination, hindering effective IE planning and reporting in BiH.

Monitoring and reporting on government policies and related transparency are weak. Reporting on implementation of government work plans and sector strategies is required by legislation, but adherence to the standards is very limited. Preparation of government work plan reports is often beyond prescribed deadlines, and sector strategy reports are largely missing at most levels. The strategy reports very often do not contain information about implemented activities and progress towards objectives, leaving the administrations unaware if allocated resources are delivering results. Furthermore, reports on implementation of strategies are not published at any level, significantly limiting transparency and accountability.

Although formally required at all levels, the systems and tools for impact assessment are inconsistently implemented and of poor quality. Due to multiple exemptions, a significant share of adopted laws are not supported by comprehensive impact assessments, while those that are prepared often contain minimal analysis and evidence. As a result, most laws are adopted without sufficient information on their impacts, costs and consequences. Quality assurance, although performed at most levels, is insufficient to enforce the standards and improve the quality of analysis. Legislation is technically published at all levels, but it is inaccessible to the public, as full or partial payment is required for access at most levels. Consolidated versions of laws and bylaws are not available. Responsibilities for alignment with the EU *acquis* are established, but the use of alignment instruments in government decision making remains limited.

Public consultation is mostly formalistic, although it is required at all levels except in the RS, where exceptions create gaps. In practice, the policymaking process in BiH is non-consultative, with consultations carried out on only around half of the draft laws, and mostly conducted through written communication with stakeholders. Results of consultations are poorly reported to inform the final decision making. Quality-review mechanisms and functions are weak, focusing on formalities rather than the quality of consultations or if the standards were adhered to. It is therefore not surprising that only 18% of citizens surveyed are satisfied with existing consultation practices. Requirements for interministerial consultation exist, but they are poorly implemented. Interministerial consultation is not consistently conducted, and the information provided to the Government on these consultations is very rudimentary or absent.

Policy evaluation, implementation and simplification are not fully regulated or practiced. Policy evaluation was recently introduced at most levels and is still in its early stages of application, with no evaluations carried out so far. Sector strategy reports are often not regularly prepared, and governments and ministries are unaware of progress towards objectives and activities. Where reports are available, the implementation rate is very low. Bylaws are generally adopted with significant delays, hindering the effective application of new legal provisions. Administrative simplification is not centrally co-ordinated and yields minimal results in practice.

The Parliaments at all levels have a well-established framework to conduct scrutiny and oversight of policymaking, but the legislative process has shortcomings. The majority of laws continue to be approved through non-standard (such as shortened or urgent) procedures, which limits the possibility for adequate scrutiny and debate. The quality of analysis behind the laws initiated by Members of Parliament (MPs) is also low, lacking thorough evidence about the policy problem, its impacts and stakeholder involvement. Transparency of parliamentary work remains poor, except at the State level, with very little or no information publicly available on the proceedings and deliberation of laws. As a result, only 23% of the population surveyed believe the openness of parliamentary work is sufficient.

Overall, the existing legal framework, institutional set-up and related strategies and guidance are to moderately in line with the Principles of Public Administration, while implementation practice and results include weaknesses, gaps and inconsistencies that limit effectiveness of the government policymaking system.

Figure 10. State of play in policy development and co-ordination by type of criterion



Note: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

Recommendations

1. The CoM of BiH, in consultation with the Governments of the FBiH, the RS, and the BD should develop and adopt the necessary regulatory and methodological framework for development and monitoring of countrywide sector planning documents at State level in line with the existing constitutional set-up and policy responsibilities allocated to the different levels of BiH.
2. The CoM of BiH, the Governments of the FBiH, the RS and the BD should ensure that the new EI planning document (the Programme of Integration) is finalised and approved, ensuring adequate preparation, co-ordination and consultation across the different levels.
3. The Collegium for EU integration and the Commission for European Integration should meet regularly to finalise the Programme of Integration and to monitor its implementation across all levels, taking action to ensure timely and co-ordinated implementation and reporting.
4. The CoM of BiH and the Governments of the FBiH, the RS and the BD should revise relevant regulations to designate central institutions with a mandate and capacities to carry out the review of the content of policy proposals (at the State Level, in the FBiH and in the RS), the draft sector strategies (at the State level, in the FBiH and in the BD) and the quality of consultations and relevant reports (at the State level, in the FBiH and in the BD) at each level. The designated institutions should have the mandate to return the proposals for further work in cases where major procedural or substantive flaws are discovered during the final checks.
5. The General Secretariats of all levels, the Legislative Offices (LOs) of the FBiH and the RS, the Ministry of Economy and Entrepreneurship of the RS and other relevant designated institutions should conduct quality control of policy proposals more consistently and fully, including checks on alignment with government priorities, quality of the regulatory impact assessment (RIA) and consultation reports, as well as checks of sector planning documents. Additionally, the relevant institutions should have formal mandate and sufficient capacities to provide regular guidance and support during preparation of the policy documents.
6. The CoM of BiH and the Governments of the FBiH, the RS and the BD should review the rules and procedures related to the preparation of the GAWPs to ensure better alignment with the priorities and commitments of the political government programmes.
7. The General Secretariats at all levels and the Directorate for Economic Planning (DEP) should establish necessary safeguards (including legal, where necessary) to ensure timely publication of adopted planning documents and reports, primarily of GAWPs and sector strategies.
8. The CoM of BiH and the Government of the FBiH should revise regulations and criteria to ensure that full and comprehensive RIA is carried out for draft laws and secondary legislation. Analysis and evidence should be used to inform key policy decisions throughout the entire policymaking process.

9. The Government of the RS should revise regulations to ensure that all draft laws and secondary legislation with reasonable exceptions are required to be publicly consulted. The Government of the RS should reduce the use of urgent procedures when adopting laws.
10. The CoM of BiH and the Governments of the FBiH, the RS and the BD should review regulations and establish clear requirements to report on the results of public and interministerial consultations (including all received comments) and ensure that this information is included in the final package of policy proposals submitted for government approval.
11. The CoM of BiH and the Governments of the FBiH, the RS and the BD should revise regulations and make necessary technical adjustments to ensure free access to all laws and regulations, including in consolidated form.
12. The National Assemblies of BiH, the FBiH, the RS and the BD together with the CoM of BiH and the Governments of the FBiH, the RS and the BD should revise the existing procedures and practice to reduce the volume of laws adopted through non-standard procedures, including abolishing the requirement at the State level to pass all EI-related laws through non-standard procedures.
13. The CoM of BiH and the Governments of the FBiH and the BD should formally designate an institution to lead and steer government policy on administrative simplification. The planning and implementation of measures and activities of administrative simplification should be strengthened at all levels and, in this regard, co-operation between all levels of administration and cross-country should be improved.

Analysis

Principle 2: Public policies are coherent and effectively co-ordinated by the centre of government; decisions are prepared and communicated in a clear and transparent manner.

Although most of the critical functions to ensure efficient government decision making are in place, public policies are insufficiently co-ordinated. The transparency of government work is upheld at the State level and in the RS, but not in the FBiH and the BD. Quality review of policy documents could not be assessed due to data gaps. Public communication lacks effective central co-ordination at all levels. The governance framework of the EI process is largely in place at all levels but is not fully operational.

Indicator 2. Effectiveness of the centre of government (CoG), policy co-ordination and government decision-making	2024 indicator value				43/100
	State level	FBiH	RS	BiH	
Sub-indicators	Points				
1. Assignment of critical functions to CoG institutions by legislation	7/9	7/9	7/9	7/9	
2. Internal co-ordination between CoG institutions	0/6	0/6	0/6	0/6	
3. Preparation of government sessions and openness of decision making	19/28	7/28	20/28	15.3/28	
4. Central quality check on procedural compliance	6/24 ⁱⁱⁱ	0/24 ⁱⁱⁱ	12/24 ⁱⁱ	9.7/30 ⁱ	
5. Co-ordination of government communications	3/6	0/6	0/6	1/6	
6. Co-ordination of risk and crisis management	2/5	2/5	2/5	2/5	
7. Assignment of EI-functions to CoG institutions by legislation	3.5/4	4/4	4/4	3.8/4	
8. Availability of guidelines on EI processes	2/4	2/4	2/4	2/4	
9. Effectiveness of EI co-ordination in practice	1/8	1/8	3/8	1.7/8	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise.

(i) = data not available or not provided. (ii) = data not applicable. (iii) = data not available or provided and partially not applicable.

Decision-making powers in BiH are delegated to the CoM of BiH and the Governments of the FBiH, the RS and the BD.³³ There have been no changes since 2021 in the regulation of critical CoG functions necessary for effective policymaking. At all four levels of administration, responsible institutions are assigned the majority of the critical CoG functions.³⁴ However, no institution at any level is responsible for co-ordination and facilitation of smooth government transition after elections, and this has not been exercised in practice either. Additionally, at the State level and in the RS³⁵ and the FBiH, there is still no

³³ Separate regulatory frameworks govern the functioning of the CoG at different levels through Rules of Procedure (RoP): RoP of the CoM, July 2003, Official Gazette of BiH No. 107/03; RoP of the Government of the FBiH, February 2010, Official Gazette of BiH No. 79/09; RoP of the Government of the RS of December 2018, Official Gazette of the RS No. 123/18; RoP of the BD Government, April 2013, Official Gazette of the BD No. 9/13.

³⁴ Co-ordination of the preparation of government sessions, ensuring legal conformity, preparation of the government's strategic priorities and work programme, policy affordability verification and resource planning oversight, monitoring of government performance, management of the relationship between the government and other parts of the state, co-ordination of government communication activities and co-ordination of risk management and crisis management mechanisms.

³⁵ In the case of the RS, coherence with government priorities is to be checked for medium-term and annual plans of the institutions, but no other aspects of policy coherence review are regulated at the moment.

institution at the centre tasked with co-ordinating or reviewing the policy content of proposals submitted to the Government for adoption.

Internal co-ordination between CoG institutions in policy planning and policy development remains limited at all levels of the administration. Recently, all levels introduced a work planning system where GAWPs essentially consist only of a technical compilation of annual plans of ministries. The General Secretariats and, in the case of FBiH, the Federal Institute of Development Programming (FIDP), are responsible for such compilations. No other CoG body participates in or is consulted in this process, either in the regulatory framework or in practice. Internal co-ordination between CoG bodies on ministerial legislative and policy proposals is also insufficient. Quality control opinions of key CoG bodies are required and delivered separately, and their deliberation occurs at the level of the Committees, which are political bodies.

The organisation of government meetings is well regulated³⁶ at all levels. However, transparency of government work varies significantly. At the State level and in the RS, government meeting agendas are consistently published online in advance, along with press releases explaining key decisions made during sessions, and the conclusions are accessible in an open, machine-readable format. In contrast, government work is considerably less transparent in the FBiH³⁷ and the BD,³⁸ where government session agendas and adopted conclusions are not systematically published, and there are no press releases summarising and explaining key conclusions reached.

At all administrative levels, regulations require the review of items submitted to the Government and the legal scrutiny of proposals. However, there is no mandate for a CoG body to ensure policy coherence and alignment with government priorities or the authority to return proposals that require substantive adjustments or are inconsistent with government priorities. Data collected for this assessment showed no progress in this respect since 2021. CoG institutions vary in their performance of quality control functions. For example, a review of sample draft laws³⁹ showed that routine legal compliance checks are carried out only in the RS, not in the FBiH, the BD or at the State level. Performance of the required fiscal viability checks on draft proposals is slightly better. It is consistently conducted at the State level, in the BD and the RS, but opinions from the respective MoF were missing in the FBiH samples.⁴⁰ Moreover, the review of coherence and consistency of policy proposals with government priorities, plans and policies is insufficiently regulated. It is prescribed only in the BD, yet not routinely implemented, as revealed by review

³⁶ The procedures are regulated by the respective RoP.

³⁷ The agendas of government meetings are made available only upon adoption. The conclusions are not published systematically. The review of three government sessions confirmed that decisions were not published for sessions on 24 and 25 April 2024. Also, according to the government website, the Government held 38 sessions in the last quarter of 2023, but press releases were published for only 15.

³⁸ Only agendas are published, not decisions or press releases.

³⁹ Sample draft laws for the State level: 1) Draft Law on Freedom of Access to Information at the Level of Institutions of BiH; 2) Draft Law on Prevention of Money Laundering and Financing of Terrorist Activities; 3) Draft law on the Organisation of the Wine Market in BiH; 4) Draft Law on Border Control; and Draft Law on Foreigners. Sample laws for the FBiH: 1) Preliminary Draft Law on Internal Trade; 2) Preliminary Draft Law on Renewable Energy Sources and Efficient Cogeneration; 3) Preliminary Draft Law on Transportation of Dangerous Goods; 4) Draft Law on the Protection of Civilian Victims of War in the FBiH; and 5) Draft Law on Encouraging the Development of Small Businesses. Samples draft laws for the RS: 1) Draft Law on a Special Public Register of the Work of Non-profit Organisations; 2) Draft Law on Electronic Money; 3) Draft Law on Nature Protection; 4) Proposal for a Law on the Agency for Information and Communication Technologies; and 5) Proposal of the Law on Amendments to the Law on Pharmacy Activity. Sample draft laws for the BD: 1) Draft Law on Social Housing; 2) Draft Law on Amendments to the Law on the BD Police; and 3) Draft Law on Amendments to the Law on Police Officers of the BD of BiH (only three sample draft laws were available for the BD, as the other laws adopted in 2023 were budget- or salary-related).

⁴⁰ The fiscal opinion was missing in the FBiH for the Preliminary Draft Law on Renewable Energy Sources and Efficient Cogeneration and the Preliminary Draft Law on Transportation of Dangerous Goods.

of samples.⁴¹ The SIGMA Survey of Public Servants on the functioning of public administration 2024, conducted in March-April 2024, supports the findings that CoG bodies generally do not excel in performing their oversight and co-ordination function, as only 59% of respondents agreed that CoG institutions fulfil their function adequately (Table 1).⁴²

Central co-ordination of public communication across the Government and ministries is ineffective at all administrative levels. Only the State level uses a central communication calendar to co-ordinate public policy announcements and events between ministries. However, there is no central government communication strategy or co-ordination of digital communication at any level, nor is there training or guidance for digital communication. Additionally, the impact and effectiveness of the government communication activities are not regularly analysed at any level.

The risk management system is established countrywide and in the RS, the FBiH and the BD. Countrywide, it is governed by the Framework Law on the Protection and Rescue of People and Material Goods from Natural or Other Disasters⁴³ which designates the Ministry of Security (MoS) of BiH in the field of protection and rescue. The law also establishes the Co-ordination Body of BiH for Protection and Rescue,⁴⁴ comprising representatives from the CoM of BiH and the Governments of the RS, the FBiH and the BD. This body is responsible for co-ordination of countrywide rescue and protection activities among institutions at all administrative levels in cases when a state of natural or other disaster is declared, in part or all of the BiH. In addition, the RS, the FBiH and the BD each have their own laws regulating risk management within their respective territories.⁴⁵ Each level has a central body assigned to co-ordinate crisis response actions across the government in crisis situations⁴⁶ and prescribes the preparation of a risk assessment report. However, despite recent global and regional security challenges such as the pandemic, existing risk assessment reports across all levels are more than five years old and outdated. Furthermore, none of the administrative levels designate an authority to co-ordinate actions to ensure smooth functioning of government decision making in the event of a crisis or to co-ordinate recovery and reconstruction activities.

⁴¹ Review of the three sample draft law packages showed that in two cases the Legislative Office checked whether they are consistent with strategic documents and the government programme, but there was no evidence that such a check had been carried out for the most important law among the three sampled, the Draft Law on Social Housing.

⁴² SIGMA Survey of Public Servants on the functioning of public administration 2024. Simple averages: State level (56%), FBiH (51%) and RS (71%).

⁴³ Framework Law on the Protection and Rescue of People and Material Goods from Natural or Other Disasters in BiH of 15 May 2008, Articles 11-12.

⁴⁴ *Idem*, Article 16.

⁴⁵ In the RS: Law on Protection and Rescue in Emergency Situations. In the FBiH: Law on the Protection and Rescue of People and Material Goods from Natural and Other Disasters (2003). In the BD: Law on the Protection and Rescue of People and Material Goods from Natural and Other Disasters in the BD of BiH (2016).

⁴⁶ In the RS: Headquarters for emergency situations. In the FBiH: Federal Civil Protection Headquarters. In the BD: District Protection and Rescue Headquarters.

Table 1. Assignment of critical CoG functions at all administrative levels

	State level	Federation of BiH	Republika Srpska	Brčko District
Government sessions	GSG	GSG	GSG	GSG
Legal conformity review	LO	OLAEUR	LO	LO
Government planning	GSG DEP	FIDP	GSG	GSG
Proposal content	-	-	-	LO
Fiscal review	MoFT	Federal MoF	MoF	FD
Monitoring performance	GSG DEP	FIDP	GSG	GSG
Inter-government relations	GSG	GSG	GSG	GSG
Government communication	GSG	GSG	GSG	GSG
Government transition	-	-	-	-
Risk and crisis management	MoS	FCPA	CPA	DPS
EI planning and monitoring	DEI	OEI	MEI	DEIIC
EU law conformity	DEI	OLAEUR	MEI	DEIIC
EI accession negotiations	DEI	OEI	MEI	-

Notes: CPA = Civil Protection Administration of the RS, DEI = Directorate for European Integration, DEIIC = Department of European Integration and International Co-operation, DEP = Directorate for Economic Planning, DPS = Department of Public Safety of the BD, FCPA = Federal Civil Protection Administration, FD = Finance Directorate, FIDP = Federal Institute of Development Programming; Federal MoF = Federal Ministry of Finance, GSG = General Secretariat of the Government, LO = Legislative Office, MEI = Ministry of European Integration and International Co-operation, MoF = Ministry of Finance of the RS, MoFT = Ministry of Finance and Treasury, MoS = Ministry of Security; OEI = Office for European Integration, OLAEUR = Office for Legislation and Alignment with European Union Regulations.

Source: SIGMA review based on regulations and data collected for the assessment.

The governance of the EI process has remained largely unchanged since 2021. The Directorate for European Integration (DEI) co-ordinates all EI-related activities across institutions and bodies in BiH.⁴⁷ In both Entities and in the BD, most EI functions (overall daily co-ordination of EI, planning, monitoring and reporting on implementation of EI policy, co-ordination of legislative alignment) remain in place and assigned to relevant institutions.⁴⁸ However, the functions of co-ordination of accession negotiations and procedures have not yet been comprehensively defined and must be resolved, especially considering the granting of candidate status to the country and the opening of accession negotiations.

The countrywide EI co-ordination structure is established and operational. The highest political co-ordination body, the Collegium for European Integration, convened once in 2023. At the administrative level, the Commission for EI held four meetings in 2023.

⁴⁷ Law on Ministries and Other Bodies of Administration of BiH of 7 March 2003, Article 18, Official Gazette of BiH Nos. 5/03, 42/03, 26/04, 42/04, 45/06, 88/07, 35/09, 59/09 and 103/09.

⁴⁸ At the State level: DEI. In the FBiH: EI Office and Office for Legislation and Alignment with EU Regulations. In the RS: Ministry of European Integration and international Co-operation. In the BD: Department for European Integration and International Co-operation.

At all administrative levels, relevant guidelines are provided on how to plan and carry out EU law transposition⁴⁹ and on how to translate the *acquis*.⁵⁰ However, existing guidelines on preparation and reporting of the EI plan are insufficient in the part related to reporting.⁵¹ Moreover, the guidelines on how to manage EI-related negotiations remain absent, as they were in 2021.

BiH is still, since 2020, without a valid EI plan. A countrywide draft Programme of Integration was developed during this time, but it is still awaiting revisions and approval. Its preparation was co-ordinated by the DEI through the EI co-ordination structures, but in the absence of a valid EI plan the aspects related to the quality of planning and reporting could not be assessed.

The regulations regarding the review of laws aimed at harmonising with EU legislation remain unchanged. At the State level, proposals must be submitted to the DEI for its opinion prior to submission to the CoM for final approval.⁵² The practice could not be comprehensively assessed because SIGMA was not provided with data for all laws approved in 2023. However, the review of sample draft laws confirmed that checks are consistently carried out by the DEI. Similarly, in the FBiH and the RS a review of samples confirmed that the Office for Legislation and Alignment with European Union Regulations and the RS Ministry for European Integration and International Co-operation fully reviewed EI-related sample laws. Conversely, it was not possible to confirm that formal opinions are consistently provided prior to submission of draft legal acts transposing the *acquis* in the BD. For the BD, information for all draft laws adopted in 2023 was not provided, and none of the three sample laws was EI-related, so the practice could not be assessed.

⁴⁹ At the State level: Decision on Alignment procedures of BiH legislation with EU *acquis* revised in 2023, Official Gazette of BiH Nos. 75/16, 2/18 and 32/23. In the RS: Decision on the Procedure of Aligning the RS Legislation with the EU *acquis* and Practice and Standards of the Council of Europe, Official Gazette of the RS No. 119/18; Instructions on completing comparative reviews of harmonisation of draft and proposal of regulations with the EU *acquis* and legal acts of the Council of Europe, Official Gazette of the RS, 102/14); Instructions on completing statements of harmonisation of draft and proposal Regulations with the EU *acquis* and legal acts of the Council of Europe, Official Gazette of the RS No. 102/14; and the Methodology for Harmonisation of the Legislation of the Republic with the *Acquis* of the European Union (February 2011). This last document provides detailed advice on alignment of legislation. In the FBiH: The Decree on the Procedure of Harmonisation of the Legislation of the FBiH with the *acquis* of the European Union, Official Gazette 98/16. In the BD: Decision on procedures in the process of harmonising the legislation of the SD of BiH with legislation of European Union of 23 December 2014.

⁵⁰ Countrywide guidelines are available in the DEI Handbook for translating European Union legal acts, https://www.dei.gov.ba/uploads/documents/prirucnik-za-prevodenje-pravnih-akata-eu_1601473056.pdf. The RS has also issued two practical guides: Instructions and Recommendations for Translation in the Field of European Integration and International Cooperation and Practice for Translation, Language, Professional and Legal Editing of the Regulations of the Republic of Srpska for the Needs of the European Integration Process.

⁵¹ The countrywide guidelines on the preparation of the EI plan are available in the Methodology for Creating the Integration Program of Bosnia and Herzegovina to the European Union, adopted by the Collegium on 24 September 2020 (supported by the electronic Information system to support the process of EI). Although this Methodology contains a section on implementation and monitoring, the guidelines for monitoring and reporting are very general and insufficient. For example, there is no detailed guidance on when institutions submit data, what reports are drafted and who is in charge, whether reports are published, etc.

⁵² RoP of the CoM, Article 31.

Principle 3: The government plans and monitors public policies in an effective and inclusive manner, in line with the government fiscal space.

Policy planning frameworks are established at all levels of administration, except that requirements for countrywide sector planning at State level remain absent. Government work plans are technically compiled based on ministerial plans, and hence the focus and reform orientation are lost. Implementation of government commitments, especially legislative, is low. Reports on planning documents vary in quality and transparency, with notable deficiencies in sector planning. The absence of an EU Integration plan since 2020 highlights gaps in capacity and effectiveness of co-ordination, hindering effective integration planning and reporting in BiH.

Indicator 3. Quality of policy planning and reporting		2024 indicator value			
		State level	FBiH	RS	BiH
Sub-indicators		Points			
1.	Adequacy of the legislative and institutional framework for policy planning and reporting	3.5/7	4.5/7	5.5/7	4.5/7
2.	Availability of guidance to line ministries during the policy planning and reporting process	2/3 ⁱⁱ	3/3 ⁱⁱ	3/3 ⁱⁱ	6.1/7
3.	Alignment between central policy planning documents	1.7/10 ⁱ	2/10	0/10	1.2/10
4.	Quality and transparency of policy planning documents	3/21	13/21	12/21	9.3/21
5.	Financial sustainability of policy planning documents	0/7	3.5/7	2.5/7	2/7
6.	Implementation of government commitments	0/15 ⁱ	3.5/15	3.8/15	2.4/15
7.	Quality and transparency of policy reporting and monitoring	1/17	4/17	5/17	3.3/17
8.	Quality and transparency of European integration (EI) policy planning	1/6 ⁱ	1/6 ⁱ	1/6 ⁱ	1/6 ⁱ
9.	Implementation of European integration (EI) commitments	0/6 ⁱ	0/6	0.4/6	0.1/6
10.	Quality and transparency of EI monitoring and reporting	0.5/4 ⁱ	0.5/4 ⁱ	0.5/4	0.5/4 ⁱ

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise.

(i) = data not available or not provided. (ii) = data not applicable.

BiH has four distinctive policy planning systems which are regulated by separate legislation at all administrative levels of BiH.⁵³ Planning frameworks across all levels have been further harmonised in recent years, with the BD adopting institutional work planning changes in July 2023 to align with other

⁵³ At the State level, planning systems are regulated by: Decision on Annual Planning of the Work and Method of Monitoring and Reporting on the Work in the Institutions of BiH, Official Gazette of BiH No. 80/22; Decision on the Procedure of Medium-Term Planning, Monitoring and Reporting in the Institutions of BiH of 23 July 2014. In the RS: Law on Strategic Planning and Development Management in the RS of 24 June 2021; Regulation on Strategic Documents in the RS of 7 October 2021; and Regulation on Implementing Documents in the RS of 18 January 2022. In the FBiH: Law on Development Planning and Development Management in the FBiH, Official Gazette of FBiH No. 32/2017; and Regulation on Three-Year and Annual Planning, Monitoring and Reporting in the FBiH, Official Gazette of FBiH Nos. 74/2019 and 2/2021. In the BD: Law on Budget of the BD of BiH, Official Gazette of the BD of FBiH Nos. 34/19 and 22/23; and Regulation on the Content and Methodology of Drafting, Monitoring and Supervision of Implementation of Strategic Documents and Implementation Documents of 20 December 2023.

levels.⁵⁴ The planning architecture is now similar everywhere, with a few exceptions for the State level. The State level planning system is partially different in that it does not regulate development planning sector strategies and it envisages a medium-term government work programme (according to the one + two years principle).

The procedures for preparing central government work planning documents are clearly defined at all levels of BiH (Table 2). The procedures at all levels also require that preparation of ministerial and government work planning documents be aligned with the budget preparation cycle.

Although the requirements for implementation of the political government programme through work planning documents have been established at the State level and in the RS, the practical impact of this operationalisation has not materialised due to the technical nature of the work plans and the lack of visible priorities. The procedures for government work planning at all levels envisage the GAWP only as a technical collection of annual plans of individual government institutions. Consequently, GAWPs are very extensive documents. For instance, the GAWP of the RS for 2024 is 835 pages long and includes a detailed overview of all planned activities across government institutions. While this consolidates all planned government activities for the year in one single document, it poses challenges. Central government planning documents fall short on prioritisation and planning of collective government reforms to deliver policy outcomes in line with the agreed political agenda.

Table 2. Key planning documents in BiH

	State level	Federation of BiH	Republika Srpska	Brčko District
Political planning	Exposé of the Chair of the CoM of BiH	Programme of the Government of the FBiH	Prime Minister's Exposé	Programme of the Mayor of the BD
Development planning	Strategic framework	Development plan	Development plan	Development plan
Sector planning	-	Sector Strategies Action Plans	Sector Strategies Action Plans	Sector Strategies Action Plans
Government work planning	Medium-term work programme of the CoM Annual work plan of the CoM	Annual work programme of the Government	Annual work plan of the Government	BD Government's Annual Programme of Work
Institutional work planning	Medium-term work plans Annual work plans	Three-year work plans Annual work plans	Medium-term work plans Annual work plans	Three-year work plans Annual work plans

Source: SIGMA table based on the planning regulations and SIGMA Analysis of Policy Planning Regulatory Frameworks of BiH (2022).

The legal frameworks foresee central co-ordination of government planning. The approach is not fully uniform across levels. At the State level, responsibilities are divided between two institutions: the Office of the Chairperson of the CoM of BiH with technical support of the General Secretariat co-ordinates the preparation of the GAWP, while the DEP handles the preparation of the medium-term work programme of the CoM. Furthermore, the regulations for medium-term and annual planning are developed by the Ministry of Finance and Treasury (MOFT) and Ministry of Justice respectively. In the RS, the Strategic Planning Department of the General Secretariat of the Government (GSG) is responsible for the co-ordination of central government planning. In the FBiH, it is the FIDP and in the BD, the Strategic Planning Sector of the Government Secretariat.

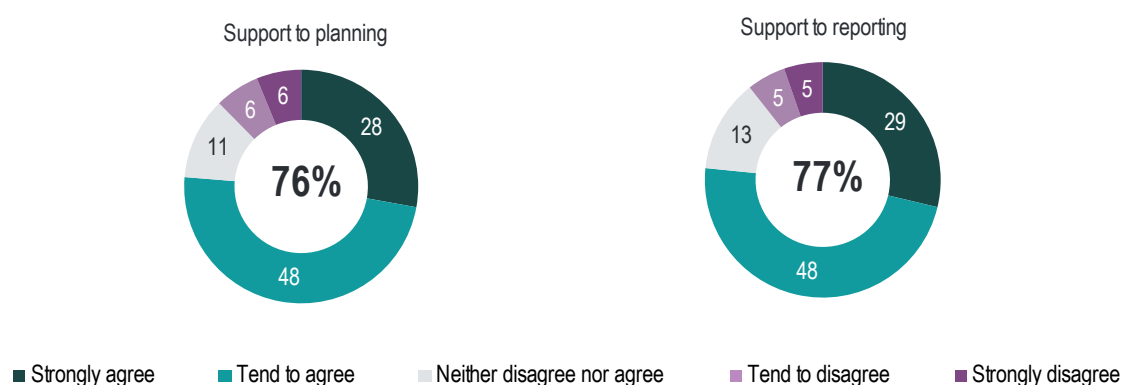
⁵⁴ Law on Amendments to the Law on Budget of the BD of BiH of 19 July 2023. The institutional planning system was simplified by removing strategic and development plans of budget users, leaving only three-year and annual work plans.

All levels require regular reporting on the GAWP, but the publication of a GAWP annual report is required only at the State level and in the FBiH. Written instructions are available at all levels on preparing the GAWP and its annual report.

The existing planning regulations establish procedures for development of sector strategies and their reporting requirements, but the requirement for planning and reporting on countrywide sector strategies is still lacking at the State level. Central quality review of sector strategies is regulated and required only in the RS and the BD.

Despite these gaps, the majority (more than 70%) of public servants surveyed tend to agree that guidance, advice and support are available when they develop plans and reports (Figure 11).

Figure 11. Perceived availability of support to policy planning and reporting in BiH (%)



Note: Percentage of valid responses to the questions: "To what extent do you agree or disagree with the following statements?" "1. Guidance, advice and support are available for preparing strategies, programmes and plans" and "2. Guidance, advice and support are available for preparing reports on implementation of strategies, programmes and plans". The percentage in the middle is the share of the respondents who answered "strongly agree" or "tend to agree".

Source: SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024.

The alignment between central planning documents could not be comprehensively assessed due to data gaps or the quality of documents. No GAWP for 2024 was submitted by the State level for assessment. For the RS, the FBiH and the BD, it could not be determined to what extent the priorities of the GAWP are coherent with the priorities of the medium-term budgetary framework (MTBF), because their current MTBFs do not clearly and systematically define their priorities, making the documents non-comparable.

In the RS, sector strategies do not provide clear deadlines for implementation of measures, which makes it impossible to assess their alignment with the GAWP. In the FBiH, the alignment of six legislative initiatives planned for adoption in 2024 by sector strategies could not be assessed due to vague formulations and impossibility of matching them to the GAWP for 2024. In the BD, neither of the two laws planned for 2024 in its sectoral strategies was included in the GAWP for 2024. This has deteriorated compared to 2021, when the alignment rate was 60% for the State level, 57% for the FBiH and 40% for the BD.

The alignment of planned laws in the GAWP and those adopted by the Government (quality of legislative planning) has also deteriorated at most administrative levels compared to 2020, in particular in the FBiH, the RS and the BD.

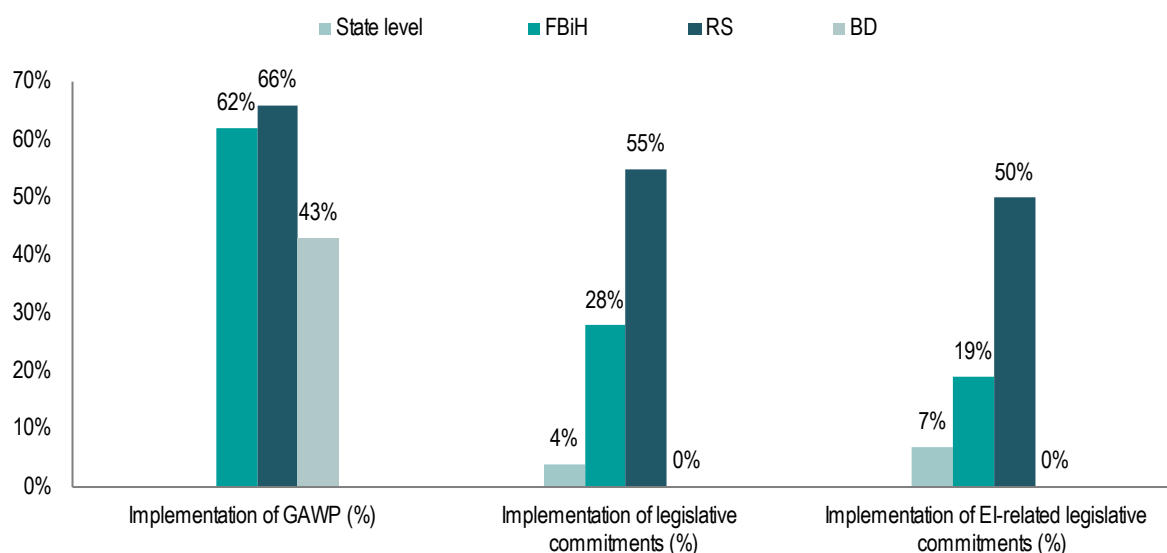
Table 3. Alignment between planned and adopted draft laws by the Government in 2020 and 2023

	2020	2023
State level	0% (0 out of 4)	63% (5 out of 8)
Federation of BiH	74% (26 out of 35)	65% (20 out of 31)
Republika Srpska	72% (42 out of 55)	46% (18 out of 39)
Brčko District	70% (14 out of 20)	0% (0 out of 9)

Note: Based on the review of all planned and adopted draft laws in 2020 and 2023 by the CoM of BiH and the respective governments of the FBiH, the RS and the BD.

Source: SIGMA assessment based on plans and reports provided for assessment. SIGMA Monitoring Assessment 2021.

The fulfilment of government commitments remains very low across all levels (Figure 12), except in the RS. The implementation rate of the GAWP for 2023 is available for the FBiH (62%), the RS (66%) and the BD (43%).⁵⁵ The implementation rate of legislative activities is lower: 0% in the BD, 4% at the State level and 28% in the FBiH. The RS performed better: in 2023, the Government was able to prepare and approve 55% of the planned legislative acts. The implementation of EI legislative commitments is even lower ranging from 0% in the BD to 50% in the RS.⁵⁶

Figure 12. Implementation of Government commitments in 2023 (% of all planned measures)

Note: Implementation of the GAWP at the State level could not be calculated because no data was provided.

Source: SIGMA analysis based on provided plans and reports.

Compared to 2020, the legislative backlog has increased for laws and slightly decreased for strategies. In the FBiH, 42% of planned laws were carried forward to GAWP 2024 (compared to 50% in 2020), in the RS 43% were carried forward (compared to 35% in 2020), and in the BD 81% (compared to 62% in 2020). For planned sectoral strategies, in the FBiH 73% of strategies were carried forward to the GAWP 2024

⁵⁵ The Government of FBiH was able to implement 611 out of 983 planned activities, the RS 777 out of 1 173 and the BD 161 out of 373.

⁵⁶ At the State level, 3 out of 41 EI draft laws were adopted; in the FBiH, 9 of 47 EI; in the RS, 12 out of 24; in the BD, none of the planned 15 EI draft laws were adopted.

(compared to 100% in 2020), in the RS 56% were carried forward (compared to 61% in 2020) and in the BD no strategies were planned in 2023 (compared to 100% carried forward in 2020).

The overall quality of planning documents still remains weak. The MTBFs of the RS, the FBiH and the BD lack clearly defined priorities and do not include outcome-level indicators. While the GAWPs show some improvement, they still fall short in quality. For instance, the GAWP 2024 of the RS includes 262 priority measures, but only 49% of them have outcome-level indicators for monitoring actual progress. In the FBiH this share is 80%, and in the BD 70%.

Regarding sectoral strategies, the assessment highlights persistent deficiencies similar to those that were identified in 2021,⁵⁷ including lack of outcome-level indicators for objectives, target values and cost estimates, and insufficiently described mechanisms for monitoring, reporting and evaluation. For example, out of a total of 16 analysed sample sector strategies from all levels of BiH,⁵⁸ only 9 had outcome-level indicators established for all listed objectives, and only 5 had target values for these indicators. Furthermore, monitoring, reporting and evaluation requirements are generally underdeveloped. Only two strategies, both from the BD, provide cost estimates for all additional expenditure needs for all planned activities.

The quality of government work plan reports is improving, but space for more strategic information remains. Available GAWP reports for 2023 from the RS and the FBiH demonstrate systematic reporting on the achievement of all activities. The RS report also includes details on achievement of outcomes, encompassing a 1 135-page document. This report provides information on the implementation of each programme/measure and each (output and outcome) indicator target value.

In contrast, the reports on sector strategies are of lower quality or they are not developed. Out of six reviewed reports,⁵⁹ only three provide systematic information on implementation of activities and just two have complete information on progress towards outcomes. Only one report includes recommendations for more effective implementation, while three reports (all from the RS) include data on actual budget spending.

The transparency of government plans is relatively good. The GAWP for 2024 was published online in both Entities and the BD. So were all the strategies adopted in 2023 from the FBiH and the RS. At the State level, out of seven sector planning documents adopted in 2023, three were also published. One BD strategy from 2023 was not found online.

⁵⁷ The SIGMA 2021 Monitoring Report stated: "Main shortcomings are related to the development of outcome-level indicators with clear targets attached to the objectives of the strategies, as well clear assignment of responsibilities and deadlines for activities, given that several sample strategies were not supported by detailed action plans".

⁵⁸ Strategy samples at the State level: 1) Strategy for the fight against Organised Crime in BiH 2023-2026; 2) Strategy for adaptation to climate change and low-emission development of BiH for the period 2020-2030; 3) Migration and Asylum Strategy 2021-2025; and 4) Strategic plan of Rural Development of BiH for the period 2023-2027. In the FBiH: 1) Employment Strategy in the FBiH 2023-2030; 2) Federal Environmental Protection Strategy 2022-2032; and 3) Tourism Development Strategy of the FBiH 2022-2027. In the RS: 1) Strategy for Development of Local Self-Management of the RS 2023-2029; 2) Youth Policy of the RS 2023-2027; 3) Strategy for Development of Science, Technology, Higher Education and Information Society of the RS 2023-2029; 4) Strategy of Culture Development of the RS 2023-2030; and 5) Strategy of Social Welfare of the RS 2023-2029. In the BD: 1) Strategy on Sport development 2023-2028; 2) Strategy on environment protection 2022-2032; 3) Strategy on fight against corruption 2022-2024; and 4) Strategy for the Development of Agriculture and Rural Areas of the BD of BiH for the period 2021-2027.

⁵⁹ Strategy reports for the FBiH and the BD were not submitted for review. It was reported that none were produced in 2022 or 2023. Sample reports at the State level: 1) Report for Integrated Border Management Strategy; and 2) Report for Strategy for Control of Small Arms and Light Weapons 2021-2024. In the RS: 1) Report for Employment Strategy of the RS 2021-2027; 2) Report for Industry Development Strategy of the RS 2021-2027; 3) Report for Trade Development Strategy of the RS 2022-2028; and 4) Report for Strategy for Development of Small and Medium-Size Enterprises of the RS.

However, the consistency in publishing annual reports is deficient. The RS published the annual report on the implementation of the state budget for 2023, and only the FBiH published the annual report on the implementation of the GAWP for 2023. Public availability of sector strategy reports could be checked only for the RS and the State level, as the FBiH and the BD have not produced any recently. The RS did not publish any sector strategy reports and no State level strategy report was found online either.

The quality and transparency of the EI plan and related reports could not be assessed due to its absence in BiH since 2020. Regarding the requirements for developing the EI plan and its report, it was observed that formal responsibilities of institutions, deadlines for preparation, and requirements for publication are insufficiently established in the regulatory framework. The Methodology for Development of the Programme of Integration of BiH in the EU, adopted on 24 September 2020 by the Collegium for European Integration, does not sufficiently elaborate on important aspects of planning, publishing and updating of the Programme of Integration as well as on the process and responsibilities of reporting, deliberation of reports, adoption and publication.⁶⁰

Principle 4: Public policies are developed based on evidence and analysis, following clear and consistent rules for law making; laws and regulations are easily accessible.

RIA is formally required for primary legislation at all levels, yet significant exemptions and procedural deficiencies across all levels make the system ineffective. Most laws are adopted without sufficient information on their impacts, costs and consequences. Quality control mechanisms exist but are inconsistently applied and ineffective. While all legislation is technically published everywhere, it is practically inaccessible to the public due to the requirement for full or partial payment to access it. Consolidated versions of laws and bylaws are not available. Responsibilities for *acquis* alignment are established, but the use of alignment instruments in government decision making remains uncertain.

Indicator 4. Use of evidence and impact assessment during policy making, and quality and accessibility of laws		2024 indicator value				39/100
		State level	FBiH	RS	BiH	
Sub-indicators		Points				
1.	Strength of the national policy framework for better regulation	2/3	2/3	3/3	2.3/3	
2.	Effectiveness of internal co-ordination and procedures for evidence-based policymaking in ministries	0/3 ⁱⁱ	1/3 ⁱⁱ	0/3 ⁱⁱ	1.7/5	
3.	Comprehensiveness of the regulatory impact assessment (RIA) system, and consistency and quality of implementation	3/33	5/33	3/33 ⁱ	3.7/33	
4.	Effectiveness of regulatory oversight, central guidance and support for RIA	1/7 ⁱⁱ	1/7 ⁱⁱ	5/7 ⁱⁱ	3.8/9	
5.	Predictability, coherence and consistency of legislation	11/11 ⁱⁱ	9/11 ⁱⁱ	11/11 ⁱⁱ	14.2/17	
6.	Accessibility and availability of laws	1/13 ⁱⁱ	1/13 ⁱⁱ	1/13 ⁱⁱ	3.3/17	
7.	Effectiveness of the regulatory framework and special procedures and tools for evidence-based EU law transposition	9/16	9/16	13/16	10.3/16	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise.

(i) = data not available or not provided. (ii) = data not applicable.

The SF PAR emphasises the importance of better lawmaking and evidence-based policymaking at all levels of administration in BiH. However, this commitment is undermined by the lack of a dedicated

⁶⁰ For the preparation of the Programme of Integration, DEI prepared and used various training materials.

institution to lead regulatory policy and a better regulation agenda at the State level, in both Entities and in the BD.⁶¹

As regards policymaking within ministries, none of the levels established internal rules for policymaking and legal-drafting processes in ministries and departments. Such specific rules at central or ministerial level that would regulate co-operation between different ministry departments, responsibilities and procedures for law and policymaking are absent.

In the FBiH, the ultimate responsibility for policy development is vested in ministries only. However, at the State level, in the BD and in the RS, existing regulations allow other public administration bodies and agencies to submit laws for government approval, bypassing the parent ministry responsible for the policy area. In the BD, this includes the Chief of the Police,⁶² while at the State level and in the RS, this is also allowed for other institutions and bodies or independent republic administrations and independent administrative organisations.⁶³ Evidence on laws approved at all levels in 2023 confirms that in the FBiH all draft laws were submitted by ministries, while in the BD, two out of nine approved laws were submitted by the Police. Civil servants surveyed are only partially satisfied with the way internal ministerial co-ordination during policymaking is running. At the State level and in the FBiH, satisfaction is at 63%, in the BD 66% and in the RS 72%.⁶⁴

Regarding policy analysis, at all levels (State,⁶⁵ the RS,⁶⁶ the BD⁶⁷ and the FBiH⁶⁸), regulations require that draft laws and regulations must be accompanied by an explanatory memorandum containing an analysis of the policy problem, the rationale for government intervention and the anticipated objectives. However, in practice these requirements are not consistently followed or are followed formalistically. For example, a review of samples of the State level and in the RS showed that while laws are always accompanied by memoranda, their quality can be poor. In two⁶⁹ out of five samples at the State level and in one case in the RS,⁷⁰ the memoranda failed to explain why changes were necessary or what they aimed to achieve.

Fiscal assessment, which is required at all levels, has similar practical challenges. For example, all five State level sample draft laws included the Fiscal Impact Assessment form, but without any calculations, merely stating that no additional financial resources would be needed for implementation. This was despite the fact that all five laws planned systemic changes with likely fiscal implications.⁷¹ In the RS, sample review showed that three draft laws out of five lacked information on their fiscal costs or gains. Conversely, in the BD and the FBiH, sample review confirmed that fiscal assessment is carried out.

⁶¹ In the RS, the Ministry of Economy and Entrepreneurship is tasked with strengthening impact assessment across the administration, but there is no institution that is centrally responsible for overall better regulation.

⁶² RoP of the Government of the FBiH, Article 12.

⁶³ RoP of the COM, Article 29. ROP of the Government of the RS, Article 30.

⁶⁴ SIGMA Survey of Public Servants on the functioning of the public administration 2024.

⁶⁵ RoP of the CoM, Article 32.

⁶⁶ RoP of the Government, Article 36.

⁶⁷ Unique Rules and Procedures for Making Laws and Other Regulations of the BD, Article 69.

⁶⁸ RoP of the Government, Article 26.

⁶⁹ Draft Law on Prevention of Money Laundering and Financing of Terrorist Activities and Draft Law on Border Control.

⁷⁰ Draft Law on a special public register of the work of non-profit organisations.

⁷¹ For example, the Draft Law on the Organisation of the Wine market in BiH provided for new rules regarding wine labelling and the wine trade, as well as new and additional state control mechanisms, the introduction and implementation of which will undoubtedly require additional compliance costs.

The situation regarding comprehensive RIA has not improved since 2021. The requirements for RIA for primary legislation are embedded in the policymaking systems of the State Level,⁷² the FBiH,⁷³ the RS⁷⁴ and the BD.⁷⁵ All levels continue to make a distinction between “comprehensive RIA” and “abbreviated RIA”.⁷⁶ At the State level, abbreviated RIA is conducted alongside the annual plans of the institutions of BiH, primarily to justify the inclusion of draft laws and regulations in the GAWP of the COM of BiH. It follows a checklist approach and does not require the provision of options or analysis of different impacts. Consequently, the abbreviated RIAs prepared at the State level cannot be regarded as comprehensive analysis of regulatory impacts covering all relevant impacts, making the State level the only administrative level in BiH where a systematic analysis of impacts is not required for laws.

Full RIA is required for secondary legislation in the BD and the RS. In the RS, RIA is required for draft regulations which elaborate on formalities.⁷⁷ In the FBiH, RIA is required only for draft laws. At the State level, only those regulations that are suggested for comprehensive RIA during the preparation of the GAWP require full RIA.

The implementation of RIA requirements is supported by appropriate practical guidance only in the RS. This gap still exists in the BD and the FBiH, while at the State level the existing manual lacks examples and good practices and tools on how to quantify and monetise complex policies.

The consistency of RIA application could not be reliably assessed due to data gaps and inaccuracies. In 2023, the RS conducted RIA for only 19 out of 38 adopted laws (50%),⁷⁸ but evidence that RIA reports were done was not provided for any of the analysed sample draft laws. The FBiH reported that RIA was conducted for 28 out of 31 reported laws (2 were comprehensive RIAs), but only 2 sample draft laws out of 5 had actual RIA reports. The State level did not provide information on conducted RIA, but none of the draft law samples had comprehensive RIA reports attached (although all five had abbreviated RIA). The BD reported that eight out of nine draft laws had RIA done, but just two out of three sample draft laws had RIA reports attached.

Given that RIA requirements are nearly identical across all levels, it would be beneficial for the authorities to collaborate in the preparation of a practical handbook using and exchanging good practice examples and tools from across the levels.

The quality of RIAs supporting new policy proposals was found to be very limited across all levels, showing no progress since 2021. Out of a total of 18 draft laws, only 4 included an elaborate analysis of the policy problem, objectives, and justification for government intervention⁷⁹ and only 2 identified the main affected groups.⁸⁰ Only three draft laws described alternatives and only two provided a sufficient qualitative

⁷² Uniform rules for legislative drafting in the institutions of BiH, Annex 1.

⁷³ Regulation on RIA.

⁷⁴ Decision on Regulatory Impact Assessment, Official Gazette of the RS No. 8/23 of 12 January 2023.

⁷⁵ Decision of the Impact Assessment Procedure and methodology when making regulations.

⁷⁶ Terms such as “preliminary”, “shortened” or “abbreviated” RIAs are used in BiH administrations to indicate the initial or basic-level analysis that is usually conducted at an early stage of policy development.

⁷⁷ In the RS, draft secondary regulations which are adopted in urgent procedure, which introduce technical standards and which do not elaborate on formalities (i.e. consent, approval, permit, license, certificate or other act that is required for the performance of a certain activity and is issued by ministries and other republican administrative bodies) are exempt from RIA. Decision on Regulatory Impact Assessment of the Government of the RS, Article 5 (2).

⁷⁸ Of 38 draft laws, 14 (37%) were adopted in urgent procedures and were exempt from RIA, including 5 new laws.

⁷⁹ Two draft laws from the RS (Electronic money, Pharmacy activity), one each from the FBiH (Internal Trade) and BD (Police Officers).

⁸⁰ One from the FBiH (Protection of Civilian Victims of War) and one from the BD (Police Officers).

description of impacts.⁸¹ None of the samples included information on monetised estimates of impacts or sufficiently described mechanisms for monitoring and evaluation.

All levels have designated institutions responsible for checking the quality of impact assessment. However, these oversight functions are not consistently and rigorously carried out. For example, the RS authorities reported that RIA quality checks, including fiscal, were conducted whenever required by regulation, and the sample review confirmed that the Ministry of Economy and Entrepreneurship and MoF provided quality control opinion in all three cases. At the State level, oversight practice could not be checked because no comprehensive RIAs were conducted and there was no evidence that the General Secretariat provided any opinion on abbreviated RIAs. The MoF opinion was provided for all sample draft laws. In the FBiH, the Office for Legislation and Alignment with European Union Regulations issued a control form on abbreviated RIA in four out of five cases, but the MoF opinion was largely missing. In the BD, the opinion of the LO was provided for two draft laws out of three, while the opinion of the FD was provided for all. Overall, the effectiveness of RIA oversight in BiH is insufficient as it often does not involve substantive checks on weaknesses and gaps in the evidence and analysis and focuses on procedural compliance. Positive opinions might be given even when the quality of RIA is deficient. Nevertheless, the majority (69%) of civil servants surveyed agree that guidance, advice and support are available to them when analysing the policy and its impacts when preparing draft legislation.⁸²

Requirements and guidance for legal drafting are in place at the State level,⁸³ in both Entities⁸⁴ and in the BD,⁸⁵ and quality control is assigned to legislative offices.⁸⁶ Legal scrutiny is consistent in the RS and, the BD and at the State level. The review of laws approved in 2023 and samples showed that the respective institutions regularly review and provide their opinions. In the FBiH, however, the practice is less consistent, as two of the five reviewed samples did not have such opinions, including a preliminary draft law on renewable energy sources. While 73% of civil servants in BiH feel they have sufficient guidance, advice and support available when drafting legal acts,⁸⁷ only 49% of businesses believe that laws are clear, not contradictory and do not change too frequently.⁸⁸ Nevertheless, the analysis of stability of laws shows that none of the new laws adopted in 2022 by the parliaments of the FBiH, the BD and BiH were amended within one year.

The regulatory framework for publishing legislation remains weak at all levels. While the types of legislation that need to be published and the medium for publication are regulated at all four levels, key issues such as publication procedures, deadlines, and responsibilities are not yet regulated. All four levels publish legislation in their respective Official Gazettes. However, at the State level and in the FBiH, which share

⁸¹ Options: two from BiH (Internal Trade and Protection of Civilian Victims of War) and one from the BD (Police Officers). For qualitative analysis: one from the RS (Electronic Money) and one from the BD (Police Officers).

⁸² SIGMA Survey of Public Servants on the functioning of public administration 2024. Simple averages: State level (70%), FBiH (66%) and RS (70%).

⁸³ The Uniform Rules for Legislative Drafting in the Institutions of BiH.

⁸⁴ In the RS: Rules for Drafting Laws and Other Regulations of the RS of 5 March 2014. In the BD: Rules and procedures for drafting laws and other regulations of the FBiH of 28 August 2014.

⁸⁵ Uniform Rules for the Lawmaking Process of the BD of 18 January 2012.

⁸⁶ At the State level: Office for Legislation of the CoM. In the RS: Republic Secretariat for Legislation. In the FBiH: Office of the Government of the FBiH for Legislation and Compliance with European Union Regulations. In the BD: LO of the Office of the Mayor.

⁸⁷ SIGMA Survey of Public Servants on the functioning of public administration 2024. Simple averages: State level (75%), FBiH (71%) and RS (75%).

⁸⁸ SIGMA Survey of Businesses on public administration in the Western Balkans 2024, conducted in March-April 2024: 26% of respondents answered "Tend to agree" and 23.1% "Strongly agree" to the question: To what extent do you agree or disagree with the following statement?: "Laws and regulations affecting your company are clearly written, not contradictory and do not change too frequently."

an Official Gazette website, only legislation adopted since 2009 is available electronically.⁸⁹ The State level offers this legislation for free (except laws adopted before 2009 which for which there are fees), while most legislation for the FBiH is available only through a subscription. In the RS and the BD, the Official Gazettes are inaccessible to the public without paying a fee.⁹⁰ Moreover, none of the four administrations ensure regular publication of consolidated versions of legislation.⁹¹

The responsibilities of institutions⁹² regarding the planning, monitoring of the *acquis* alignment process and ensuring the alignment of legislation are stipulated in detail at the State level,⁹³ in both Entities⁹⁴ and in the BD.⁹⁵ At all BiH levels, EI-related legislation is subject to the same procedural rules as domestic legislation as regards impact assessment and public consultations. The use of tables of concordance (ToCs) is obligatory at all four levels, although their application varies and lacks consistency. Furthermore, full ToCs are required to be submitted in the package to the government for deliberation at the State level⁹⁶ and in the FBiH,⁹⁷ while in the RS and the BD ToCs are submitted only to EI-related bodies. In the RS, ToCs were prepared for all sample EI-related laws from 2023, as confirmed by sample review. However, at the State level, one draft law out of five lacked a ToC, and in the FBiH two draft laws out of four were found without ToCs. The practice in the BD could not be assessed due to insufficient information about the full set of laws approved in 2023, and none of the sampled laws were EI-related. Overall, the assessment could not confirm that ToCs are systematically used in the government decision-making process, as

⁸⁹ Available at <http://sluzbenilist.ba/page/s/pretplata>. For the FBiH, the administration reported that all primary and secondary regulation is available also at the official webpage of the Government, <https://fbihvlada.gov.ba/bs/zakoni>. However, this registry is not complete, as it includes only regulations from 1996 onwards (rather than from 1994 when the first legislation was adopted).

⁹⁰ Available at <https://www.sglasnik.org/cyr/stranice/cjenovnik> and <https://skupstinabd.ba/ba/87-obavjestenje-glasnik.html>.

⁹¹ At the State level, consolidation is not regulated. In the RS, the RoP of the National Assembly only define who is responsible for the preparation of consolidated version when authorised so and where it is published. In the BD and the FBiH, a threshold is applied as to when consolidation should take place (In the BD, when amendments cover more than 10% of the basic text of the regulation or when the basic text of the regulation has changed or was supplemented at least three times; in the FBiH, when 40% of the basic text of the regulation has changed or was supplemented at least three times).

⁹² At the State level: Directorate for European Integration. In the FBiH: Office for Legislation and Alignment with EU Regulations. In the RS: Ministry of European Integration and International Co-operation. In the BD: Department for European Integration and International Co-operation.

⁹³ Decision on the Procedure for Aligning Legislation of BiH with the EU *acquis* (Official Gazette of BiH, 75/16, 2/18 and 32/23).

⁹⁴ RS: Law on the Republic Administration (Official Gazette 115/18) and Decision on the Procedure of Harmonising the RS Legislation with the EU *acquis* and Practice and Standards of the Council of Europe of 19 December 2018. FBiH: Decree on the Process of the Alignment of the FBiH legislation with the EU *acquis*

⁹⁵ Decision on Procedures in the Process of Harmonising the Legislation of the BD of BiH with legislation of the EU, Official Gazette of the BD of BiH Nos. 9/14 and 30/20.

⁹⁶ Decision on the Procedure for Aligning Legislation of Bosnia and Herzegovina with the EU *acquis*, Official Gazette of BiH Nos. 75/16, 2/18 and 32/23. Article 4 (2).

⁹⁷ Regulation on the Procedure of Harmonising the Legislation of the Federation of BiH with the Legislation of the EU, Official Gazette Nos. 75/16 and 32/23. Article 4 (4).

evidence was not provided to confirm that actual ToCs are included in the final package submitted for government approval.⁹⁸

The analysis of EI-related samples also revealed that none of the levels are using the analysis and experience of the European Commission or EU Member States when transposing the same directives. None of the EI-related samples referred to the EU impact assessment or practices.

As Croatian is one of the official languages of BiH, an official version of the *acquis* is always available to government institutions across all levels of administration for the transposition process.

Principle 5: All key external and internal stakeholders and the general public are actively consulted during policy development.

Public consultation on policy proposals is required at all levels, except in the RS where exceptions and their application create gaps in the system. Public consultation is insufficient, involving mostly written consultation tools and providing little feedback for decision making. Quality control mechanisms, although formally established at most levels, are ineffective. In practice, the policymaking process in BiH is non-inclusive, with most policies, and in particular laws, not actively consulted on before adoption. As a result, only 18% of citizens surveyed are satisfied with existing consultation practice. Requirements for interministerial consultation exist but are poorly implemented. Interministerial consultation is not consistently conducted, and the information provided to the government on these consultations is very rudimentary or absent.

Indicator 5. Functioning of consultations during policy development		2024 indicator value			
		State level	FBIH	RS	BIH
Sub-indicators		Points			
1.	Effectiveness of procedures for public consultation and stakeholder engagement during policy development	7/32 ⁱⁱ	7/32 ⁱⁱⁱ	7/32 ⁱⁱ	9.4/35
2.	Quality and effectiveness of public consultation practices in selected cases	7.6/21 ⁱⁱ	1.6/21 ⁱⁱ	0.8/21 ⁱⁱ	3.7/25
3.	Procedures for an effective interministerial consultation process	8/15	7/15	10/15	8.3/15
4.	Quality and effectiveness of interministerial consultation practices in selected cases	11/25	0/25	8/25	6.3/25

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBIH and RS unless indicated otherwise.

(i) = data not available or not provided. (ii) = data not applicable. (iii) = data not available or provided and partially not applicable.

Overall, there has been no major advancement in public consultation since the last SIGMA assessment in 2021. Regulations governing the key parameters of public consultation remain unchanged in the FBIH⁹⁹ and BD.¹⁰⁰ At the State level,¹⁰¹ a new requirement to publish a report after consultation was introduced

⁹⁸ The actual ToC was provided in the package for only 1 draft law (Draft Law on Freedom of Access to Information at the Level of Institutions of BiH) out of a total of 12 EI-related draft laws. To confirm that ToC was done, indirect evidence was used: the opinions of EI bodies and the statements of conformity.

⁹⁹ Regulation on the Rules for the Participation of the Interested Public in the Preparation Procedure of Federal Legal Regulations and Other Acts.

¹⁰⁰ Uniform rules for the lawmaking process of the BD and the Decision on Public Consultation in Drafting Regulations and Other Acts.

¹⁰¹ Rules for consultations in the process of legal drafting.

in 2023. In the RS, with the adoption of new regulation in 2022,¹⁰² the consultation is regulated more comprehensively, including extension of the minimum consultation duration and the scope of regulations that must be consulted.

At the State level, in the FBiH and in the BD, public consultation is mandatory for draft laws, government and ministry secondary legislation and sector strategies. In the RS, public consultation is universally required only for sectoral strategies.¹⁰³ For laws and bylaws, consultation is required for regulations “that are found to be of interest to the public” or that have an impact on aspects such as rights, obligations and economic status of persons or on different areas such as nature protection, social welfare, health, education, etc.¹⁰⁴ These criteria limit the scope of public consultation to a predetermined subset of draft legislation.

The minimum deadline for consultation is established at all four levels: 15 days at the State and the RS levels, 10 days (30 days for strategies) in the FBiH, and 8 days in the BD.¹⁰⁵ Ministries are required everywhere to report consultation results to the government, including a requirement at the State level to submit a separate report. However, it is not uniformly prescribed that explanatory memoranda, impact assessment reports or other relevant documents be published alongside draft legislation to allow stakeholders to provide informed response. While this requirement extends to the State level and BD institutions, it is absent in the RS and the FBiH. None of the administrations have a practical manual on consultation that includes examples, good practices, explanation of tools and advice on their use.

The consistency in publishing draft laws and draft sector planning documents for public consultation could not be fully assessed due to incomplete data for the FBiH and the BD. Generally, available data shows that consultations are conducted more consistently for strategies than for than draft laws – all adopted strategies in 2023 in the FBiH and the RS were published for consultation. However, around half of laws are adopted without written consultation with external stakeholders (Figure 13).¹⁰⁶

¹⁰² Guidelines on Consultation in Drafting Regulations and Other General Acts.

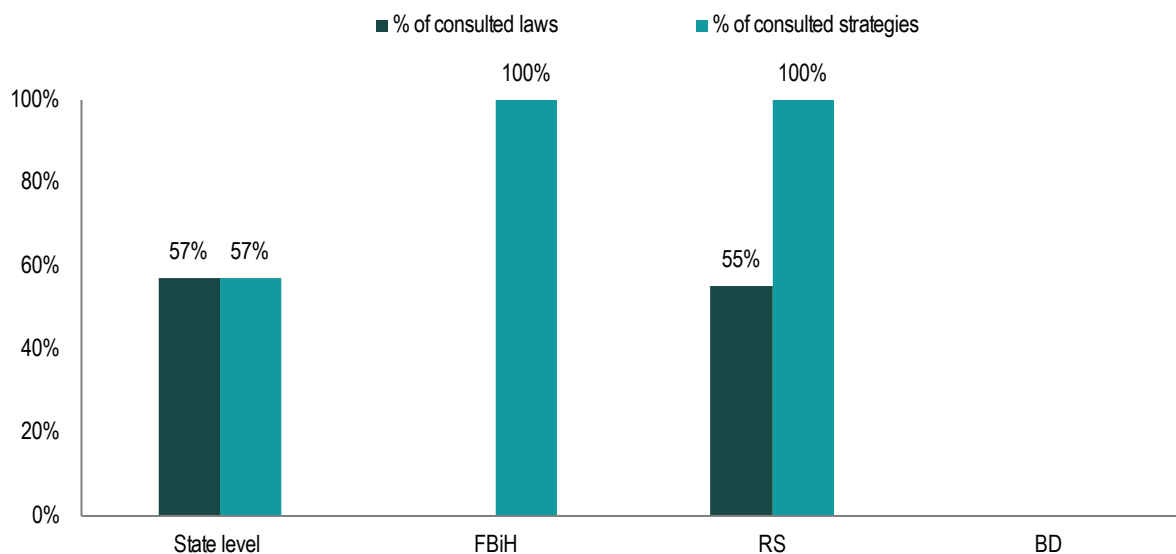
¹⁰³ Decree on Strategic Documents in the RS, Article 15.

¹⁰⁴ Guidelines on Consultation in Drafting Regulations and Other General Acts, Article 9.

¹⁰⁵ The legislation is not fully consistent regarding the minimum deadline in the BD. While the Decision on the consultations in the legal drafting process sets it at 15 days, the Uniform Rules for the lawmaking process of the BD set it at 8 days.

¹⁰⁶ In the RS, 15 out of 49 draft laws (30%) were exempt from public consultation due to urgent procedure applied within the Government.

Figure 13. Consistency in publishing draft laws and strategies for public consultation, 2023



Notes: Calculations were made by combining the data provided by the administration and publicly available sources. Data on consulted laws for the FBiH was not provided. Data for the BD was not provided.

Source: SIGMA calculations based on data collected through this assessment.

A central e-consultation portal exists only at the State level.¹⁰⁷ The RS and the BD have not developed such a portal,¹⁰⁸ and in the FBiH, the portal that previously served for e-consultations¹⁰⁹ has ceased to operate. At the State level, the use of the portal is inconsistent. Of six draft laws approved in 2023 that required public consultation, two were not consulted on through the central portal.¹¹⁰

Concerning the quality of consultations, the review of a sample of laws and strategies for each level confirmed that it remains poor at all four levels of administration.¹¹¹ Advance notices of consultation are not given. Most consultations are conducted mainly online, with the FBiH using additional consultation forms in 63% of sample cases, the RS in 40% and the State level and the BD in below 30%. Except at the State level, the minimum deadline is not consistently respected (respected in 50% of cases in the RS and less than 30% in the FBiH and the BD), and the requirement to prepare and publish a consultation report is even less adhered to. Public consultation is least practiced and reported on in the RS and the BD, with adherence mainly to the minimum duration requirement and use of other forms of consultation.

Not all levels have designated institutions assigned to check the quality of conducted consultation. At the State level, draft acts cannot be included in the Government agenda if required consultation procedures were not followed. However, the scrutiny by the General Secretariat is limited to verifying if a required statement on completed consultation procedures was submitted to the CoM alongside the draft act, without assessing the quality of consultation process or the incorporation of consultation feedback. Similarly, in the BD the General Secretariat is required to check if a compliance statement was submitted, and in the

¹⁰⁷ Available at <https://ekonsultacije.gov.ba/consultations>.

¹⁰⁸ In the RS, the development of the e-consultation portal is in the testing stage.

¹⁰⁹ Available at www.javnaraspava.ba.

¹¹⁰ Draft Law on Freedom of Access to Information at the Level of BiH institutions and Draft Law on Conclusion and Execution of International Agreements.

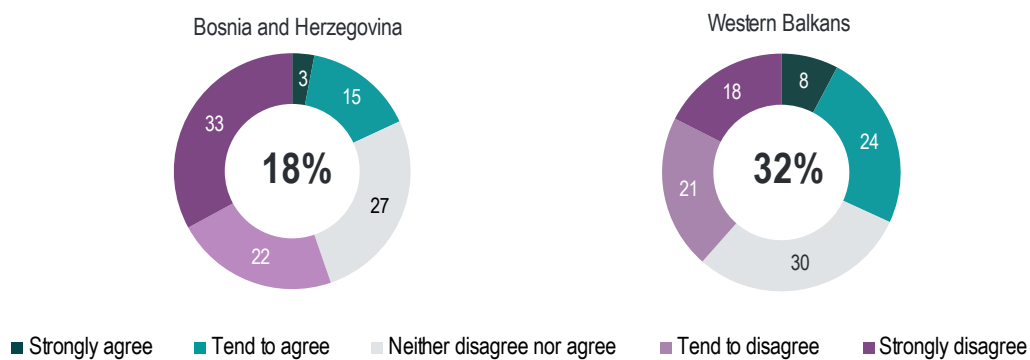
¹¹¹ SIGMA analysed 34 samples: 5 laws and 4 strategies at the State level; 5 laws and 3 strategies in the FBiH; 5 laws and 5 strategies in the RS; and 3 laws and 4 strategies in the BD.

FBiH the General Secretariat must check whether the package contains a public consultation report. They are not required to assess whether the consultations adhered to regulatory standards.

The consistency of formal oversight could not be fully assessed for any of the four levels due to incomplete information. The BD reported that no sector strategies were checked for compliance with public consultation requirements, while in the FBiH all three approved strategies in 2023 were checked. Information for the State level was not provided. In the RS, the Secretariat for Legislation checked all draft laws that required consultation and all strategies.

Given weak adherence to the rules, it is unsurprising that stakeholders consider the quality of public consultation practices very low. According to the SIGMA Survey of Citizens on public administration 2024, only 18% of citizens agree that the Government consults them when developing new legislation and policy while 55% of citizens disagree.¹¹²

Figure 14. Perception of government consultation practices in Bosnia and Herzegovina and the Western Balkans



Note: Percentage of valid responses to the question: "To what extent do you agree or disagree with the following statements?" "The government consults and involves stakeholders from the private sector and civil society when developing new legislation or other policy documents." The percentage in the middle is the share of respondents who answered: "strongly agree" or "tend to agree".

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

There have been no major changes in the regulatory framework of interministerial consultations since 2021. The regulations¹¹³ at the State level, and in the RS, the FBiH and the BD establish procedures for interministerial consultation on government-adopted acts and, except in the RS, also of ministerial secondary legislation. The State level allows 10 days for responses, the RS allows 7 days (15 days for comprehensive laws) and the BD allows 8 days. In the FBiH, a minimum deadline is not set for interministerial consultation, only for consultation with CoG bodies. In the RS, the FBiH and the BD, all affected bodies must be consulted. At the State level, only a limited predetermined circle of ministries is required to be consulted before submission to the government, with additional relevant discussions among concerned institutions occurring at the government's competent committee. Existing regulations are not uniform across levels regarding the obligation to inform the government about interministerial consultation

¹¹² SIGMA Survey of Citizens on public administration in the Western Balkans 2024, conducted in March-April 2024: 15.1% of respondents answered "Tend to agree" and 3% "Strongly agree" to the question: To what extent do you agree or disagree with the following statement?: "The government consults and involves stakeholders from the private sector and civil society when developing new legislation or other policy documents."

¹¹³ State level: Rules of Procedure of the CoM; Rules for Consultations in Drafting Legal Regulations. RS: Rules of Procedure of the Government of the RS; and Guidelines for Consultations in Drafting Regulations and Other General Acts. FBiH: Law on the Organisation of Administrative Bodies; and Decree on the Rules for Participation of Interested Public in the Process of Preparation of Federal Legal Regulations and Other Acts; BD: Rules of Procedure of the Government of the BD; and Uniform Rules for the Lawmaking Process of the BD.

outcomes. Such a requirement exists at the State level, in the RS and in the BD, but in the FBiH it only applies to consultation with CoG bodies, not other affected ministries.

Conflict resolution mechanisms at the top administrative level are not explicitly regulated at any of the four levels of administration. However, at the State level and in the RS, the government committees serve as forums to discuss and resolve conflicting opinions among ministries and institutions before the government session.

Interministerial consultation practices remain inconsistent with established requirements. Evidence of adherence to the minimum deadline showed the State level performing best (eight of nine samples adhered to the requirements) and to a lesser extent the RS (six of ten samples adhered to the requirements). For the FBiH and the BD, no documentation confirming compliance with minimum deadlines was found. Consultation with all affected ministries is insufficient, as it could only be confirmed in case of sector strategies in the RS and in case of laws in the BD. Furthermore, there is no sufficient evidence to confirm that relevant analysis accompanies laws during interministerial consultation. Reports to the Government about the results of interministerial consultation are either missing or very rudimentary at all levels.

Principle 6: Public policies are effectively implemented and evaluated, enhancing policy outcomes and reducing regulatory costs and burdens.

Policy implementation in BiH faces significant challenges. Policies are not evaluated, and annual strategy implementation reports are often not regularly prepared. Hence governments and ministries are unaware of progress towards objectives and activities. Bylaws are generally not adopted in time to ensure effective application of new legal provisions. Efforts towards administrative simplification are not streamlined and yield minimal results. Inspections are seldom co-ordinated, and a risk-based approach in the planning of inspections is largely absent.

Indicator 6. Effectiveness of policy implementation, evaluation and simplification	2024 indicator value				13/100
	State level	FBiH	RS	BiH	
Sub-indicators	Points				
1. Effectiveness of policy implementation	0/30	0/30 ⁱ	8.8/30	2.9/30	
2. Timeliness of adoption of mandatory by-laws	0/10	0/10	0/10	0/10	
3. Monitoring and evaluation of policy implementation	4/20	3/20	2/20	3/20	
4. Application of administrative simplification measures	0/20 ⁱ	2/20	8/20	3.3/20	
5. Preconditions for conducting inspections in a proportional manner	1/5	0/5	1/5	0.7/5	
6. Perceived availability of tools promoting regulatory compliance by businesses	ii	ii	ii	2/5	
7. Application of international regulatory co-operation	0/4 ⁱⁱ	0/4 ⁱⁱ	0/4 ⁱⁱ	0.9/10	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise. (i) = data not available or not provided. (ii) = data not applicable.

The implementation rate of sector policies could not be fully assessed. Of 20 requested sector strategy reports, SIGMA obtained only 7.¹¹⁴ Available reports face challenges: they often lack data on implementation status of planned activities, achievement of objectives and their indicators. This situation

¹¹⁴ PAR and PFM strategy reports are excluded from this sub-indicator as they are assessed under Principle 1. No reports were prepared and available for the FBiH and only one for the BD. The RS provided four out of the five requested reports, while the State level provided only two.

signals significant gaps in monitoring and reporting, limiting the possibilities for the government and ministries to understand if their policies are realistic and efficient and if allocated resources achieve desired results.

Based on available reports, at the State level, the completion of activities achieved a mere 6% implementation rate.¹¹⁵ For the RS, activity implementation shows higher success, although none of the reports allowed calculation of achievement of objectives. The reported activity implementation rate based on four strategy reports in the RS is 63%.¹¹⁶ For the FBiH, no report was submitted for assessment, hence the implementation rates for activities and objectives could not be calculated. For the BD, the rate could not be calculated either because the report did not contain information on implementation per activity.

The mandatory bylaws for implementing new laws are adopted with significant delay, which creates uncertainty regarding the regulatory framework for effective policy implementation. At all levels, bylaws are adopted much later than when the laws enter into force.

Institutional work planning and objective setting across BiH is largely unified through medium-term and annual work planning. However, the quality of plans and the practice of their publication varies across and within levels. At the State level, all three sample ministries¹¹⁷ have approved and published annual work plans for 2024 with medium-term objectives, outcome-level indicators and measurable targets for 2024. At the FBiH, two ministries¹¹⁸ have defined objectives (measures) with outcome-level indicators and measurable targets for 2024 in adopted and published annual work plans. In the RS, only the Ministry of Economy and Entrepreneurship has a published medium-term plan with defined objectives and targets. Two other ministries¹¹⁹ included their measures and objectives in the GAWP 2024 without publishing their own medium-term or annual plans, but the Ministry of Health and Social Welfare did not use outcome-level indicators.

The policy framework for evaluation remains underdeveloped and non-operational across all four levels. The State level, the RS and the BD lack practical written guidance on how to plan and conduct evaluation of policies, such as strategies and legislation. No central institution tasked to support authorities in policy evaluation is designated either. The FBiH administration has had a handbook for evaluation of strategic documents¹²⁰ since November 2021, but there is no similar manual for evaluation of laws. The FIDP is tasked to support evaluation of strategies,¹²¹ but no central institution supports the evaluation of laws.

The criteria for determining which policies to evaluate are not comprehensively established across levels in BiH. In 2023, no evaluations of laws or strategies were conducted anywhere. The lack of practice is partially due to the new regulatory framework, which is currently in the initial phase of implementation.

The measures for administrative simplification and reduction of administrative burden have not yet been comprehensively addressed at any of the four levels. Analysis of administrative burden is required in the

¹¹⁵ The implementation rate for the Integrated Border Management Strategy (2023 report) was 11% (one out of ten implemented) and for Strategy for Control of Small Arms and Light Weapons 2021-2024, it was 0%, as it lacked information on implementation of activities.

¹¹⁶ The implementation rate for the Trade Development Strategy of the RS 2022-2028 for 2023 was 76% (13 out of 17 planned activities were implemented); for the Strategy for Development of Small and Medium Size Enterprises of the RS for 2022, it was 87% (41 out of 47); for Employment Strategy of the RS 2021-2027, it was 89% (31 out of 35 activities); and for Industry Development Strategy of the RS 2021-2027, it was 0%, as no information on implementation of activities was provided in the report.

¹¹⁷ Ministry of Finance and Treasury, Ministry of Foreign Trade and Economic Relations, Ministry of Civil Affairs.

¹¹⁸ Federal Ministry of Finance and Ministry of Labour and Social Policy.

¹¹⁹ Ministry of Finance and Ministry of Health and Social Welfare.

¹²⁰ Evaluation of Strategic documents in the Federation of BiH, Manual for Public Sector Practitioners, <https://fzpr.gov.ba/bh/normativni-akti/ostalo-akti>.

¹²¹ Law on Development Planning and Development Management in the FBiH, Articles 6 and 30.

preparation of legislation at all levels, but there are differences in scope. At the State level,¹²² in the RS¹²³ and in the BD¹²⁴ only the burden on business is assessed, with no requirement to assess administrative burden for citizens or government. In the FBiH, an integrated assessment of the administrative burden encompassing private and public legal entities as well as individuals is required.¹²⁵

At the State level, in the FBiH and in the BD, there is no institution assigned for steering administrative simplification. In the RS, the Ministry of Economy and Entrepreneurship has this responsibility.¹²⁶ The practice of simplification and administrative burden reduction is idle.¹²⁷ Only the RS reported five recent cases of simplification.¹²⁸

Inspection services at any level are not required by law¹²⁹ to co-ordinate their inspection activities to prevent duplication. Inspection authorities at all four levels confirmed the absence of formal or informal co-ordination among different inspection authorities. Co-ordination of annual inspection plans before their approval is not carried out either. There is also no statutory limit on the number of inspections or inspection days per year for businesses set at any of the four levels. However, in the FBiH, a limit for the duration of inspections is set for two specific inspections: regular market inspection and labour inspection may not last more than 12 working days per year at the same subject of supervision.¹³⁰ At the State level¹³¹ and in the RS,¹³² fines collected by the inspectorates are revenues of the Budget. Such a requirement could not be confirmed for the FBiH and the BD inspections, as no evidence was found in their respective regulations.¹³³

A risk-based approach to inspections is neither formally required nor systematically applied in practice. In the RS, the medium-term and annual plan of inspections for 2023 made reference to sampling based on risk assessment, but the actual outcome of risk-based inspection planning could not be confirmed. Furthermore, it was applied only to sanitary and phytosanitary inspections. Annual inspection plans at the State level, in the BD and in the FBiH were not submitted for review and could not be assessed.

A single information point (such as a website, helpdesk or call centre) for businesses to consult on procedures of inspections as well as receive advice on compliance and their rights is not available at any of the four levels. The websites of inspections, which were reported as single information points, provide formal information organised according to institutional responsibilities rather than customer needs. Businesses do not have a positive view of easy access to regulatory requirements affecting their company,

¹²² Annex I, Methodology of RIA of the Unified Rules for Legislative Drafting in the Institutions of BiH, Article 13.

¹²³ Decision on Regulatory Impact Assessment, Article 8.

¹²⁴ Decision on Impact Assessment Procedure and Methodology when Drafting the Regulations, Article 13.

¹²⁵ Decree on RIA, Article 7.

¹²⁶ Law on Republic Administration, Article 30.

¹²⁷ Only the RS has adopted an Action Plan for the optimisation of administrative procedures and formalities.

¹²⁸ Automated checking of data from the Central Register in procedures for issuing identity documents; automated retrieval of data from the register of births and marriages in the case of child benefits; introduction of electronic enrolment of children in primary school; use of registers to obtain evidence of business registration; and use of registers to obtain information on paid taxes.

¹²⁹ Inspection services are governed by the following regulations: at the State level, Law on Administration, Articles 71-89; in the RS, Law on Inspections; in the FBiH, Law on Inspections of the FBiH; and in the BD, Law on Inspections.

¹³⁰ Law on Inspections of the FBiH, Article 30.

¹³¹ Law on Administration, Article 90.

¹³² Law on Minor Offences of the RS, Article 107a.

¹³³ Law on Offences of the FBiH, Official Gazette of the FBiH Nos. 63/2014 and 41/2022.

as more than half (58.1%) of the businesses surveyed feel that information and guidance on the application of the regulatory requirements affecting their company are not easy to obtain from the authorities.¹³⁴

There is no evidence to confirm that BiH effectively applies the instruments of international regulatory co-operation. International, EC or EU Member State assessments and practices are considered very sporadically while developing new policies and regulations. Supporting documents of only two referenced international experiences were found (one from the State level and one from the RS). No instances of international regulatory co-operation through bilateral co-operation agreements between BiH and parties were recorded.

Principle 7: The parliament effectively scrutinises the government policymaking and ensures overall policy and legislative coherence.

The main requirements for effective parliamentary scrutiny and oversight of policymaking are established, but implementation is inconsistent and weak, largely due to the limited capacities and time. The majority of laws are approved by parliaments through shortened procedures and without adequate scrutiny and debates. Co-ordination and consultation between government and parliament during the parliamentary scrutiny process (including on MP-initiated laws) are limited. Parliamentary transparency is poor, except at the State level. Only 23% of the population believe the openness of parliamentary work is sufficient. The quality of MP-initiated laws is very low too.

Indicator 7. Effectiveness of parliamentary scrutiny of policymaking	2024 indicator value				39/100
	State level	FBiH	RS	BiH	
Sub-indicators	Points				
1. Regulatory framework for parliamentary scrutiny of policymaking	8/10	8/10	10/10	8.7/10	
2. Government participation in parliamentary discussions	8/8	8/8	8/8	8/8	
3. Openness and transparency of the legislative work of the parliament	10/10 ⁱⁱ	1/10 ⁱⁱ	0/10 ⁱⁱ	4.3/14	
4. Planning and co-ordination of legislative activities between government and parliament	1.7/12	6/12	8/12	5.2/12	
5. Timeliness of parliamentary processing of draft laws submitted by the government	0/10 ⁱ	0/10 ⁱ	4/10	1.3/10 ⁱ	
6. Completeness of supporting documentation for draft laws submitted to the parliament	6/10	4/10	4/10	4.7/10	
7. Use of extraordinary or shortened proceedings for the adoption of government-sponsored draft laws	0/12	0/12	0/12	0/12	
8. Quality of law making by members of parliament (MPs)	4/16	6/16	10/16	6.7/16	
9. Parliamentary review and evaluation of the implementation of policies	0/8	0/8	0/8	0/8	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise.

(i) = data not available or not provided. (ii) = data not applicable.

¹³⁴ SIGMA Survey of Businesses on public administration in the Western Balkans 2024: 22.9% of respondents answered "Tend to agree" and 19% "Strongly agree" to the question: To what extent do you agree or disagree with the following statement?: "Information and guidance on the application of the regulatory requirements affecting my company are easy to obtain from the authorities."

The regulatory framework for conducting parliamentary scrutiny of government policymaking has remained unchanged at all BiH levels since 2021. Parliamentary rules¹³⁵ enable the parliaments at all levels to exercise parliamentary debates, scrutiny and amendment of government laws, and to carry out oversight of the executive primarily through parliamentary questions (oral or written) and through regular government activity reports. At all four levels, the parliament and the government adhere to the same legal drafting rules when preparing draft laws. Each parliament adopted uniform rules for legal drafting, which are mandatory for the MPs and the government.¹³⁶

Parliaments apply different procedures and rules for scrutinising draft legislation through non-standard procedures, such as emergency, shortened, and/or urgent procedures. In the RS, clear criteria and rules govern when and how non-standard procedures can be used. At the State level and in the FBiH and the BD, criteria are relatively vague, allowing broad interpretation for laws that may be proposed for an urgent procedure. Furthermore, according to BiH Parliamentary rules,¹³⁷ EI-related draft laws proposed by the CoM of BiH are processed through abbreviated procedure.

The percentage of laws initiated by the government and adopted through urgent or abbreviated procedure has consistently remained high at all levels – above 50%¹³⁸ – with the State level using only non-standard procedures (Figure 15).¹³⁹

¹³⁵ RoP of the House of Representatives of the Parliamentary Assembly of BiH; Official Gazette of BiH Nos. 79/14, 81/15, 97/15, 78/19, 26/20, 53/22 and 59/23; RoP of the House of Peoples of BiH, Official Gazette of BiH Nos. 58/14, 88/15, 96/15 and 53/16; RoP of the House of Representatives of the FBiH, Official Gazette of the FBiH No. 69/07; RoP of the House of Peoples of the FBiH, Official Gazette of the FBiH No. 27/03; RoP of the National Assembly of the RS No. 02/1-021-643/20 of 2 July 2020; RoP of the Assembly of the BD of BiH No. 01.3.-05-1630/18 of 12 December 2018.

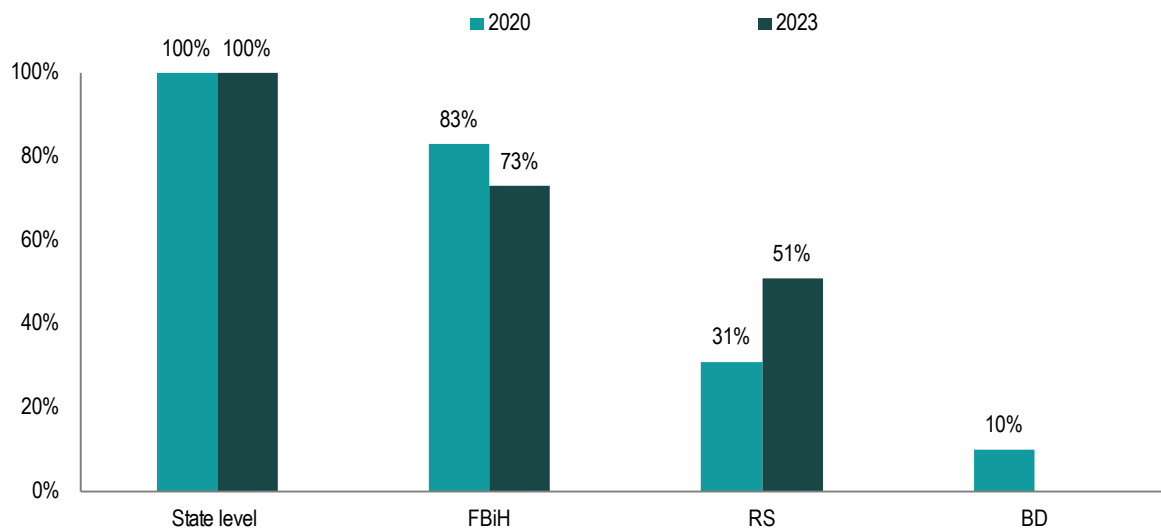
¹³⁶ At the State level: Uniform Rules for Drafting Legal Regulations in the Institutions of BiH. In the RS: Rules for the Drafting of the Laws and Other Regulations of the RS. In the FBiH: Rules and Procedures for Draft Laws and Other Regulations of the FBiH. In the BD: Uniform Rules for Drafting Laws and Other Regulations of the BD of BiH.

¹³⁷ Rules of Procedure of the House of Representatives of BiH, Article 125.

¹³⁸ The data for the BD was not provided for review.

¹³⁹ At the State level, all six laws were adopted through non-standard procedure; in the FBiH, 11 of 15 draft laws; and in the RS, 21 of 41 draft laws. No data was provided for the BD.

Figure 15. Percentage of government-initiated laws adopted in non-standard procedure, 2020 and 2023



Note: Data from the BD on the adoption procedure used in the Parliament in 2023 was not provided.

Source: SIGMA calculation based on data collected through assessment.

Parliamentary rules at all levels mandate systematic consultation with the government on all MP-initiated draft laws, but actual implementation of this provision is inconsistent and weak. The Collegium of the House of Representatives of BiH,¹⁴⁰ the Presidents of the Parliaments of the FBiH,¹⁴¹ the RS¹⁴² and the BD¹⁴³ are required to send draft laws whose proponent is not the Government to the Government for its opinion. In practice, at the State level, only two of three sampled MP-initiated laws from 2023 received a Government opinion. The FBiH reported that the Government was consulted on all three MP-initiated laws from 2023, but evidence of a Government opinion could only be found for two draft laws, which was also the case in the BD. Only in the RS did the Government provide its opinion on all sampled MP-initiated laws approved in 2023.

Detailed statistics about the participation of government representatives in plenary sessions and committee meetings is not maintained by any of the parliaments. However, the transcripts of plenary sessions, minutes of committee meetings and information provided by the parliament representatives confirm that government ministers and other representatives regularly attend both plenary sessions and committee meetings when invited.¹⁴⁴

Although parliamentary rules¹⁴⁵ mandate preparation of work programmes of parliaments based on legislative commitments set out in the GAWPs, the practice of sharing government legislative plans with parliament was confirmed for the RS, the FBiH and the BD, but not for the State level. Meetings between parliament and government to discuss legislative priorities and agendas are not held regularly. Regular

¹⁴⁰ RoP of the House of Representatives of BiH, Article 106.

¹⁴¹ RoP of the House of Representatives of the FBiH, Article 165.

¹⁴² RoP of the National Assembly of the RS, Article 201.

¹⁴³ RoP of the National Assembly of the BD, Article 121.

¹⁴⁴ SIGMA could not check the presence of government representatives at the committee meetings of the Parliament of the BD, as information was not provided.

¹⁴⁵ RoP of the House of Representatives of the FBiH, Article 88. RoP of the National Assembly of the RS, Article 176. RoP of the National Assembly of the BD, Article 139.

meetings could only be confirmed in the RS, while elsewhere the meetings occur on an ad hoc basis as needed.

Regarding the adoption of laws in the Parliament, only the Assembly of the RS has the practice of processing government-initiated laws in a timely manner, with 82% being approved within one year (although this is a decrease compared to 100% in 2019).¹⁴⁶ The timeliness of processing laws could not be assessed at other levels due to a lack of data.

Existing rules at all levels require that parliaments receive all supporting documents for government-initiated laws that were prepared and considered at the time of government approval. The RoP of the House of Representatives of BiH require that proposals include an explanatory memorandum, opinion of the DEI, and opinions of institutions and organisations that were consulted during the drafting of the draft law.¹⁴⁷ In the FBiH and the RS, the rules also require that the ToC and/or statement of compliance be delivered together with EI-related laws. However, adherence to these rules varies across levels. Analysis of sample laws at the State level confirmed that all five samples submitted by the Government to the Parliament in 2023 included documents identical to those submitted to the CoM of BiH. In the RS, it was not possible to confirm that supporting documents are submitted to the National Assembly as none of the checked Government-initiated draft laws published on the website of the National Assembly contain full RIA reports or ToCs.

At all levels, the same rules govern the preparation of both MP- and Government-initiated draft laws. MPs are required to conduct basic analysis of potential impacts and benefits of proposed new legislation and reflect those in supporting documents before officially registering. However, there is no requirement anywhere for MPs to consult with key affected groups and stakeholders during preparation of draft laws. In all four parliaments, the MPs receive expert assistance from parliamentary professional service during law drafting. Review of a sample of 11 draft laws initiated by MPs in 2023 revealed deficiencies: only 4 draft laws contained adequate reasoning with sufficient explanations,¹⁴⁸ and consultation was conducted on only 1 draft law initiated by MPs.¹⁴⁹

Transparency of parliamentary work varies greatly. At the State level, the parliament's website stands out as exemplary. It regularly updates and publishes its legislative work calendar, and the latest version of draft laws, including all amendments, opinions and supporting documents. It also publishes conclusions of committee and plenary meetings and, most importantly, the voting results of individual MPs during the plenary sessions, which may indicate whether they kept promises made during the election campaign. The parliamentary websites in the RS, the FBiH and the BD are less transparent. In the RS, the website lacks proposed amendments to draft laws, official committee opinions and individual voting results from plenary sessions. On the FBiH website, only the latest draft laws with supporting documents and official government opinions on MP-initiated laws are published. On the BD parliament website, only the latest draft laws are available. None of the three websites provide systematic information about the status of all individual draft laws.

Limited transparency of the work of the parliaments of the RS, the FBiH and the BD is also confirmed by public opinion about parliamentary transparency, which is extremely low: only 23% of the survey respondents believe that the legislative process is open and transparent.¹⁵⁰

¹⁴⁶ Of 22 draft laws submitted to the Parliament by the Government of the RS in 2022, 18 were processed within 12 months.

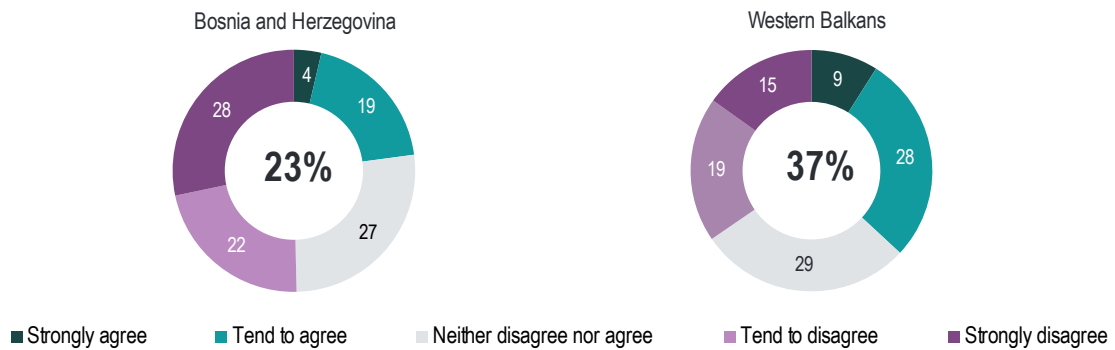
¹⁴⁷ RoP of the House of Representatives, Article 105.

¹⁴⁸ Two draft laws of MPs from the FBiH and one each from the State level and the RS. None from the BD.

¹⁴⁹ One in the FBiH. In the RS, supporting documents stated that consultation was done with the help of the Government of the RS, but sufficient evidence was not found. Furthermore, both laws were adopted in non-standard procedure which exempts draft laws from consultation.

¹⁵⁰ SIGMA Survey of Citizens on public administration 2024: 19.2% of respondents answered "Tend to agree" and 3.6% "Strongly agree" to the question: To what extent do you agree or disagree with the following statement?: "The legislative process, how laws are made in (Parliament/Congress) is open and transparent for the public."

Figure 16. Citizen perception of openness and transparency of parliamentary law-making



Note: Percentage of valid responses to the question: “To what extent do you agree or disagree with the following statement?” “The legislative process, how laws are made in Parliament, is open and transparent for the public”. The percentage in the middle is the share of the respondents who answered: “strongly agree” or “tend to agree”.

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

Regular *ex post* review of implementation of laws is not required by parliamentary regulations at any of the four levels. No *ex post* implementation reviews, monitoring and/or evaluations of draft laws or policies were carried out by the parliaments in 2023.



Public service and human resource management

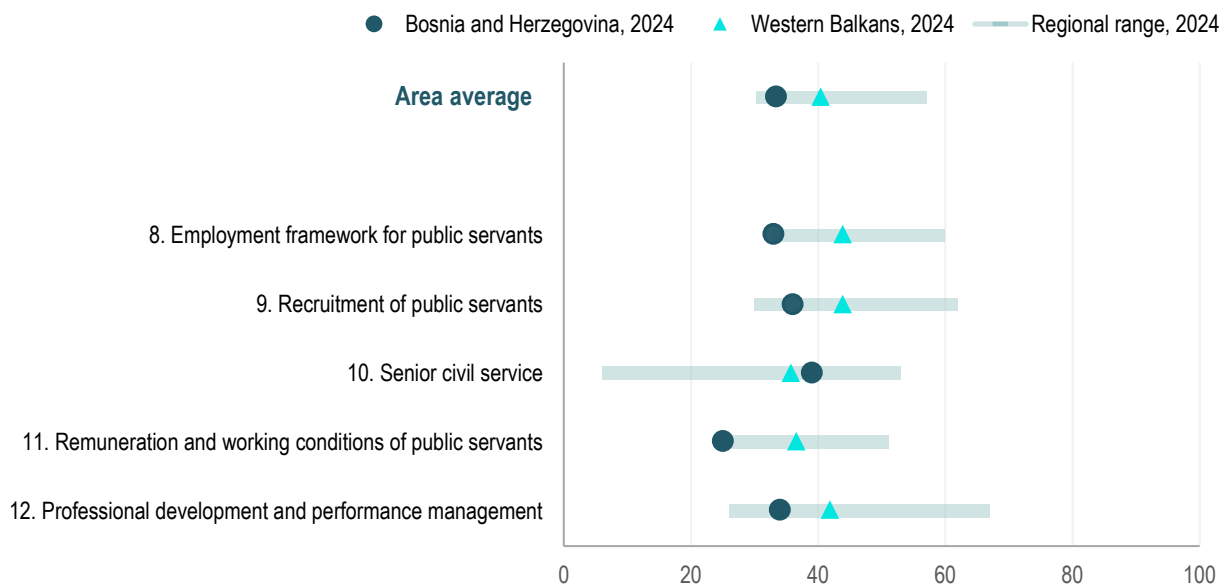
Public servants act with **professionalism, integrity** and **neutrality**. They are recruited and promoted based on merit and equal opportunities and have the right competencies to deliver their tasks effectively.

The Principles of Public Administration

- Principle 8** The employment framework balances stability and flexibility, ensures accountability of public servants and protects them against undue influence and wrongful dismissal.
- Principle 9** Public administration attracts and recruits competent people based on merit and equal opportunities.
- Principle 10** Effective leadership is fostered through competence, stability, professional autonomy and responsiveness of accountable top managers.
- Principle 11** Public servants are motivated, fairly and competitively paid and have good working conditions.
- Principle 12** Professional development, talent and performance management enhance the skills, efficiency and effectiveness of public servants and promote civil service values.

Summary and recommendations

Figure 17. The overall indicator values in the public service and human resource management area



Notes: Area average is a simple average of the Principles within the area. Western Balkan average is calculated as a simple average of all administrations.

The **amendments to the Civil Service Law (CSL) in the Institutions of Bosnia and Herzegovina (BiH)**¹⁵¹ (State level, for now on) and the **adoption of the Strategy for the Development of Human Resources and its Action Plan in the Federation of Bosnia and Herzegovina (FBiH)** are the main developments concerning the reform of the public service and human resource management (HRM) since 2021. Essential pillars of the system to ensure meritocratic, professional and depoliticised public service at the institutional, policy and practice levels remain underdeveloped. There were positive movements towards **increased co-ordination among civil service agencies (CSAs)** and, in the FBiH, between the federal level and the cantons.

The **political responsibility for public service is unclear, due to a lack of explicit allocation to ministers** or due to attribution to bodies without the necessary authority and capacities (Institute of Public Administration in the FBiH). The configuration of CSAs as independent bodies, reporting to the government at the State level and in the FBiH and the Republika Srpska (RS), compromises their accountability. Due to the five-year extension of the Public Administration Reform (PAR) Strategy without updating it, its practical value is limited. A comprehensive and updated policy to develop the public service and HRM system exists only in the FBiH. In all administrations, the **CSLs do not cover some institutions (such as regulatory bodies)** - they apply legislation that does not ensure merit principles.

The **merit-based top public management (TPM) function in the public service is clearly defined** as involving positions one level below ministers, **except at the State level**, where the heads and deputy heads of administrative organisations could be either senior civil servants or political appointees, **and the Brčko District (BD)**. The secretaries of ministries are not responsible for the institution's overall management, only for overall co-ordination. Access to top management is based on competition at all levels, and terms of appointment are either longer than the legislature period or open-ended, except for secretaries with special assignments at the State level. However, limited data hinder the analysis of actual attractiveness and stability in this crucial function. A **low compression ratio of salaries, around 1:3 at**

¹⁵¹ Law on Amendments to the Law on the Civil Service in the Institutions of BiH, Official Gazette of BiH No. 18/24.

the State level, and in the FBiH and the RS, suggests limited incentives to apply for TPM positions. **Gender balance in TPM in the FBiH is slightly over the average in OECD-European Union (EU) countries**, but the **low share of women TPMs at the State level (27%) and in the RS (33%)** is a concern. In all the administrations, **managers are not explicitly responsible for people management**, which is a serious weakness in the system.

Human and technical capabilities for modern HRM remain limited. Comprehensive workforce planning does not exist at any level. Job descriptions, evaluation, and classification techniques are in early development, negatively impacting professional recruitment and fair salary allocation. **The legislation provides for a competitive selection process to join the civil service** in the four civil service systems, **but the appointment of first-ranked candidates is not ensured in the FBiH and the RS.** Traditional knowledge-based exams are still pivotal in staff selection despite being poorly correlated with future job performance. Recruitment procedures are still too lengthy in the FBiH, based on the analysis of selected cases.

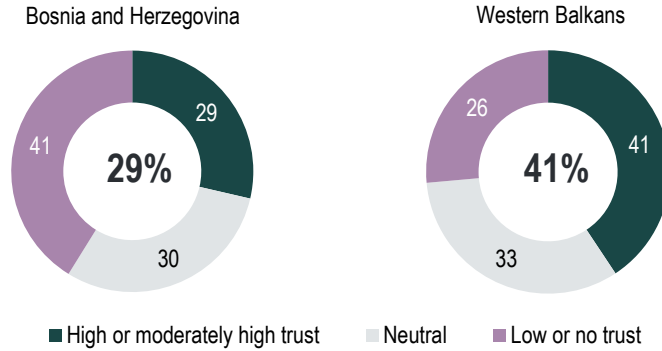
Individual performance appraisal systems are well designed in legislation, but the excessive share of above-average results persists. **Possibilities for career advancement are limited, and the regulation of vertical promotion allows ample political discretion.** This is consistent with the perception of respondents to the SIGMA Survey of Public Servants on the functioning of public administration in the Western Balkans 2024, conducted in March-April 2024, on a question about the limited influence of performance on career progression.

The availability of human resources (HR) data and monitoring capabilities are still insufficient. **Establishing an HRM information system (HRMIS) and the responsibility of the CSA to manage it at the State level is a positive development.** The disclosure on the FBiH CSA website of data about staff at the federal level and in the cantons and municipalities constitutes good practice. Nevertheless, **essential elements of the PSHRM system are not monitored at any level**, such as salaries, including competitiveness for different professional groups. This is particularly worrying given the **shortcomings in the design of salary systems, particularly in the FBiH.** The attention of responsible authorities to attractive work conditions and the well-being of civil servants is limited. **Occupational health and safety regulations do not fully align with EU standards**, except in the BD, and legislation does not envisage flexible work arrangements. A staff satisfaction survey was implemented recently by the Regional School of Public Administration (ReSPA), but there is no evidence of actions taken on the basis of the survey.

Notwithstanding this insufficient attention to crucial attraction and retention factors, according to the data available, **turnover in public administration is low**, and retirement is the main cause of employment termination.

The SIGMA Survey of Citizens on public administration reports that in Bosnia and Herzegovina citizens' trust in civil servants is very low (29%), much lower than the Western Balkan average (41%).

Figure 18. Citizen trust in civil servants



Notes: Percentage of aggregated responses to the survey question: "How much trust do you have in the civil servants? Using a 5-point scale where 1 means you don't trust it at all and 5 means you completely trust it". 1-2 = Low or no trust, 3 = Neutral, 4-5 = High or moderately high trust.

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

While the existing legal framework, institutional set-up and related strategies and guidance in public service and human resource management are not well in line with the Principles of Public Administration, additionally there are considerable weaknesses and gaps in implementation practice and results for this area (Figure 19).

Figure 19. State of play in public service and human resource management by type of criterion



Note: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

Recommendations

1. The Council of Ministers of BiH, as well as the governments of the FBiH, and the RS should clearly assign political responsibility for public service policy, including salary policy. In the FBiH, this should involve reconsidering the current role of the Institute of Public Administration in policy formulation, given its status as a body subordinated to a ministry and its limited capacities.
2. The Council of Ministers of BiH, as well as the governments of the FBiH and the RS should propose legislative changes to establish clear accountability between the CSAs and political authorities responsible for public service.
3. The Council of Ministers of BiH, as well as the governments and CSAs in all administrations should propose legislative and non-legislative measures to improve staff recruitment and selection methods, and ensure that the highest-ranked candidates are appointed in all cases; in the FBiH, the measures should also address the length of procedures.
4. The Council of Ministers of BiH should introduce mechanisms to ensure that top managerial functions in public administration are not performed by political appointees.
5. The Council of Ministers of BiH, as well as the governments of the FBiH and the RS should present proposals (legislative and non-legislative) to strengthen the role of secretaries of ministries and monitor the attractiveness and stability of these and other TPM positions.
6. The Council of Ministers of BiH, as well as the governments of the FBiH and the RS should adopt amendments to the CSL to enlarge the horizontal scope of the civil service and ensure merit-based HRM in the core central administration, including regulatory agencies.
7. The Council of Ministers of BiH, as well as the governments of the FBiH and the RS should substantially improve data availability on public service salaries, analyse internal fairness, the gender pay gap, the competitiveness of salary systems and the opportunities they provide for salary progression, voluntary turnover in public service jobs, and propose legislative reforms on this basis.
8. CSAs at all levels should promote improved regulations and the practice of job description (including job content and requirements for good performance), job evaluation and classification as a fundamental precondition for fair salary allocation and professional recruitment and development.
9. The CSA of BiH should develop a HRMIS in co-operation with the Ministry of Finance (MoF). CSAs at all levels should gradually expand their respective HRMIS functionalities and ensure their interoperability with the payroll system.
10. CSAs at all levels should strengthen their capabilities to analyse and monitor policy and HRM implementation and workforce needs and gaps to support evidence-based policy formulation and workforce planning.
11. CSAs at all levels should work on introducing and implementing comprehensive HR planning in the short term and strategic workforce planning in the mid-term.

Analysis

Principle 8: The employment framework balances stability and flexibility, ensures accountability of public servants and protects them against undue influence and wrongful dismissal.

The political responsibility for public service is not clearly assigned at the State level and in the FBiH and the RS. In these three administrations, the public service co-ordination bodies are established, without clear accountability to responsible ministries. Complex governance in BiH results in a fragmented legislative framework, particularly in the FBiH. Several institutions at all levels are not covered by CSL provisions and are regulated by less demanding legislation. Capacities for co-ordinating, monitoring and implementing HRM are still weak. Dismissals from civil service are rare, and the main reason for the outflow of civil servants is retirement.

Indicator 8. Adequacy of the policy, legal framework and institutional set-up for a professional and accountable public service		2024 indicator value				33/100
		State level	FBiH	RS	BiH	
Sub-indicators		Points				
1.	Existence of political responsibility for the public service	2/5	0/5	2/5	1.3/5	
2.	Clarity and implementation of public service policy	2.5/10 ⁱ	4/10	2.5/10 ⁱ	3/10 ⁱ	
3.	Clarity and adequacy of the material, horizontal and vertical scopes of public service legislation	4.6/10	6.6/10	5.3/10	5.5/10	
4.	Protection of neutrality and professionalism of public servants against undue influence	4.5/4.5 ⁱⁱ	4.5/4.5 ⁱⁱ	4.5/4.5 ⁱⁱ	5.1/10	
5.	Quality of the disciplinary system	3/10	4/10 ⁱ	3/10 ⁱ	3.3/10 ⁱ	
6.	Objectivity and fairness of dismissal and demotion of public servants	3.5/11 ⁱⁱⁱ	3/11 ⁱⁱⁱ	4/11 ⁱⁱⁱ	3.9/14 ⁱ	
7.	Grounds and limits for temporary employment in the public service	3/5	4/5	1/5	2.7/5	
8.	Existence of central and capable co-ordination bodies	3/12	6/12	4/12	4.3/12	
9.	Capacities for professional HRM in public administration bodies	1.2/12	3.8/12	1.2/12	2.1/12	
10.	Existence of an effective HRM information system	0/12	3.3/12	0.9/12	1.4/12	

Notes: The value for Bosnia and Herzegovina is the simple average of the State level, FBiH and RS unless indicated otherwise. (i) = data not available or not provided. (ii) = data not applicable. (iii) = data not available or provided and partially not applicable.

Public service management in BiH reflects the constitutional arrangements, with separate systems at the State level and in the RS, the FBiH and the BD. The public service system is further decentralised in the FBiH, with separate rules existing at the Entity level and in cantons and municipalities.¹⁵² Certain functions, like foreign service, indirect taxation, and most regulatory agencies or the ombudsperson, exist only at the level of Institutions of BiH. CSLs at the State level and in the FBiH, the RS and the BD do not apply to all government administration institutions. Examples include the employment service in the RS and the FBiH and the Agency of Information and Communication Technologies in the RS, which are excluded from the scope of the relevant CSLs. Regulatory agencies apply civil service legislation in some cases, while in others, they apply general labour law. The administration of the parliament, the president, and the prime minister apply CSL provisions at the FBiH and State level, but this is not the case for the RS and the BD. Legislation other than the CSL, including labour codes, does not meet the standards of good management

¹⁵² Cantons and municipalities are not within the scope of this SIGMA monitoring report.

of the civil service and human resources. The material scope of the CSLs is comprehensive, Separate pieces of legislation frequently regulate integrity and salaries.¹⁵³

The political responsibility for public service is clearly assigned only in the BD (to the Mayor). In the other three administrations, it is based on a “negative competence” for issues not assigned to other ministries.¹⁵⁴ CSAs do not report to the relevant ministry but to the respective governments, which blurs their accountability. The most peculiar situation is in the FBiH, where some responsibilities regarding public service policy, including salary policy, are assigned to the seriously understaffed Institute of Public Administration,¹⁵⁵ within the Ministry of Justice. In practice, policy development is performed by the Ministry or the CSA.

The PAR Strategy for 2018-2022, which includes public service and HRM components, was extended to 2027 in the four administrations. Without updating or amending the analysis of the state of affairs and the action plan, this extension results in a formally binding document that does not address all current challenges, with activities and deadlines for completion, costs and sources of financing that may no longer be relevant. To address this situation, the Public Administration Reform Co-ordinator’s Office (PARCO) has started work to update the Strategy’s Action Plan. In addition to this country-level strategy, in 2022, the government of the FBiH adopted the Strategy for the Development of HR in Civil Service Structures 2022-2027 and its Action Plan, but implementation has only started.

The CSAs perform co-ordination role. They issue guidance for institutions applying the CSL, but this guidance is scarce (as in the RS) or partly outdated (as in the FBiH and at State level).¹⁵⁶ Examples of good practice include issuing the periodical “Modern Public Administration” in the RS¹⁵⁷ and regular meetings with HR managers organised by the CSA in FBiH to allow for networking and the transfer of information. This practice in the FBiH also encompasses consultations to align civil service policy with the cantons. A Forum of Directors of CSAs is now in place, which involves meetings of CSA directors from the State level, the FBiH and the RS and the HRM Sub-Division of the BD to co-ordinate efforts.

The CSAs produce annual reports that cannot be considered fully-fledged reports on the state of the civil service. Instead, the RS CSA issues a report on its activities. The CSAs produce more comprehensive reports at the State and FBiH levels, but they fail to address some critical HR-related issues, such as salaries.

¹⁵³ Law on Civil Service in the FBiH, Official Gazette of the FBiH No. 29/2003 with amendments (including the decision of the Constitutional Court of September 2017); Law on Civil Servants, Official Gazette of RS No. 118/2008 with amendments; Law on Civil Service in the Institutions of BiH, Official Gazette of BiH No. 19/02 with amendments.

¹⁵⁴ Law on Republic Administration, Official Gazette of the RS, No. 115/2008 with later amendments, Article 16, Paragraph 2, Law on Ministries and Other Bodies of administration of BiH, Official Gazette No. 5/03 with later amendments, Article 13; Law on Federal Ministries and Other Bodies of the Federal Administration, Official Gazette of FBiH No. 48/2011, Article 7.

¹⁵⁵ Law on Federal Ministries and Other Bodies of the Federal Administration, Official Gazette No 48/2011, Article 7.

¹⁵⁶ In addition, at the State level, the secondary regulations have not yet been updated to align with the recently amended CSL.

¹⁵⁷ Available at <https://adu.vladars.rs/Podkategorija/20>.

Box 1. Real-time data on public service in the FBiH

The website of the FBiH CSA website presents basic data on public service, including a breakdown of employment by gender, level of government, civil service body and position.

It also includes data on termination of employment, mobility and appointments.

The data can be filtered and exported to Excel and are updated in real time, as they are taken directly from the HRMIS.

Source : FBiH Civil Service Agency, The state of personnel in the civil service in FBiH, <https://www.adsfbih.gov.ba/AgencyWorkPlan/StaffCondition>.

Key to effectively performing the monitoring and co-ordination role of CSAs is the existence of a functional HRMIS. Such systems exist in the RS, the FBiH and the BD, and recent amendments to the CSL at the State level have overcome the legal obstacles to their creation.¹⁵⁸ Interoperability with the payroll and other relevant information technology systems and databases is not in place.

At the State level and in the FBiH and the RS, HR staff in public bodies rarely assume strategic roles, limiting their activities to personnel administration. In many cases, they do not regularly produce data and documents to support evidence-informed HR decision making by line managers. HRM in the BD is centralised and under the responsibility of the HRM Sub-division of the Department of Technical and Administrative Affairs (DTAA). The job descriptions of line managers do not contain well-developed responsibilities for people management in any of the four administrations.

Temporary employment cannot be transformed into permanent public service jobs at any level. However, in the RS, the provisions allow temporary contracts of an excessive length (up to five years) without clear grounds (to implement “Government-approved projects”).¹⁵⁹ Transparent and professional recruitment for temporary jobs through competition is only ensured in the FBiH where running open competitions for temporary staff (if not recruited from redundancy lists) results in lengthy procedures.¹⁶⁰

Across all administrations, the legislation in place generally protects public servants from unjustified dismissals and demotions. However, civil servants in the FBiH are not adequately protected in relation to potential termination of employment due to negative performance appraisals or reorganisations.¹⁶¹ Disciplinary procedures are well designed, but due to the lack of data on related court appeals, it is not possible to evaluate the extent to which such decisions are fair. An interesting feature of disciplinary processes in the FBiH is mediation, which is a part of disciplinary procedures. The CSLs in all four administrations include a procedure for civil servants to follow if they receive an order that they consider unlawful. In all cases, civil servants can refuse to execute the order if it would constitute a criminal offence. Civil servants are discharged from liability if they follow the procedure, except in the FBiH and the BD.

¹⁵⁸ Law on amendments to the Law on the Civil Service in the Institutions of Bosnia and Herzegovina, Official Gazette of BiH No. 18/24.

¹⁵⁹ CSL RS, Article 50.

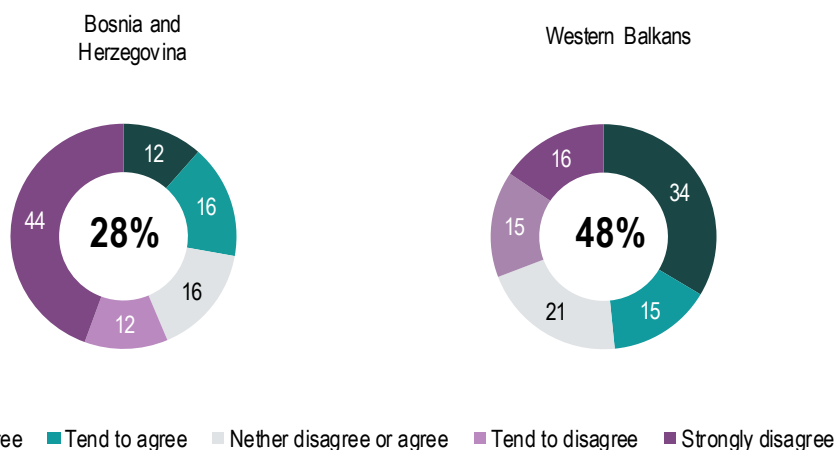
¹⁶⁰ CSL FBiH, Article 37, Paragraph 1.

¹⁶¹ According to CSL FBiH, Article 33, paragraph 3, performance appraisals are performed “at least” every 12 months. According to Article 33 CSL, paragraph 33, dismissal is possible based on two negative performance appraisals. Given that paragraph 3 of the said article creates the possibility of performance appraisal periods of any length below 12 months (e.g. quarterly periods), this provides the possibility of dismissal decisions based on two consecutive negative appraisal results in a period shorter than one year. Dismissal resulting from redundancy is regulated in Article 36 CSL FBiH, but the provisions are silent about criteria related to declaring redundant a particular civil servant.

Despite some shortcomings in the legislation, employers rarely dismiss civil servants in practice; the prevailing reason for termination of employment is attainment of retirement age, followed by voluntary termination of employment (Figure 28 in Principle 11). In 2022, there were only five dismissals due to reorganisation, disciplinary sanctions and low performance in the FBiH, the-State level institutions, the RS and the BD.

Despite very rare dismissals from public service, 28% of civil servants in BiH who responded to the SIGMA Survey of Public Servants on the functioning of public administration 2024 fear politically influenced dismissals. However, this percentage is lower in BiH than in other Western Balkan administrations (Figure 20).

Figure 20. Perceived political influence on dismissal decisions (%)



Note: Percentage of valid responses to the question: "To what extent do you agree or disagree with the following statement?" "I might be dismissed from the public service for political reasons." The percentage in the middle is the share of the respondents who answered "tend to agree" or "strongly agree".

Source: SIGMA Survey of Public Servants on the functioning of public administration in the Western Balkans 2024.

Principle 9: Public administration attracts and recruits competent people based on merit and equal opportunities.

Regarding transparency, professionalism and effectiveness of recruitment of public servants, the legislation provides for a competitive selection process to join the civil service in the four administrations, but the merit principle is not sufficiently guaranteed. Workforce planning is not in place. The selection procedures in all administrations mainly focus on testing knowledge and checking formal requirements; modern recruitment and selection techniques are not used. Despite improvements in the effectiveness of the Appeals Board in the FBiH, the analysis of selected cases shows that recruitment procedures are still too lengthy.

Indicator 9. Transparency, professionalism, and effectiveness of recruitment of public servants		2024 indicator value			
		State level	FBiH	RS	BiH
Sub-indicators		Points			
1.	Quality of human resource (HR) planning	0/10	0/10	1/10	0.3/10
2.	Competitive and non-discriminatory recruitment	7.5/10	10/10	6/10	7.8/10
3.	Transparency of recruitment	5.3/8	5.2/8	3.5/8	4.7/8
4.	Inclusiveness of recruitment	1/6	1/6	1/6	1/6
5.	Attraction of qualified candidates	1/8 ⁱ	1/8 ⁱ	2.6/8	1.5/8 ⁱ
6.	Recruitment based on job profiles	3.6/8	2.4/8	1.6/8	2.5/8
7.	Professionalism of the selection committees	3.2/14	2.2/14	2.2/14	2.5/14
8.	Adequacy of selection methods	1.7/14	4.3/14	1/14	2.3/14
9.	Efficiency and timeliness of recruitment procedures	3.5/8 ⁱⁱ	2.1/8 ⁱⁱ	6/8 ⁱⁱ	5.7/10
10.	Right to information on results and appeal	3.1/6	3.1/6	3/6	3.1/6
11.	Quality of onboarding	ii	ii	ii	4.9/6

Notes: The value for Bosnia and Herzegovina is the simple average of the State level, FBiH and RS unless indicated otherwise. (i) = data not available or not provided. (ii) = data not applicable.

Neither strategic nor short-term workforce planning is in place in BiH. In the RS and the FBiH, CSAs prepare consolidated only annual recruitment plans. This practice is not regulated at the State level and in the BD.¹⁶² Proactive management of easily foreseeable vacancies (e.g. due to retirement) is not in place and would have little impact on more agile recruitment due to the impossibility of announcing jobs before they become vacant, except in the BD.¹⁶³ A good practice from previous years in the FBiH was elaborating the reports on the state of civil service that accompanied recruitment plans. Although not comprehensive and lacking some relevant elements, these reports provided some level of evidence base for staff planning. However, the last report available is for 2022. Based on the decision of the administrative inspector, the obligation to ask for approval of the Council of Ministers before each announcement of a vacancy at the

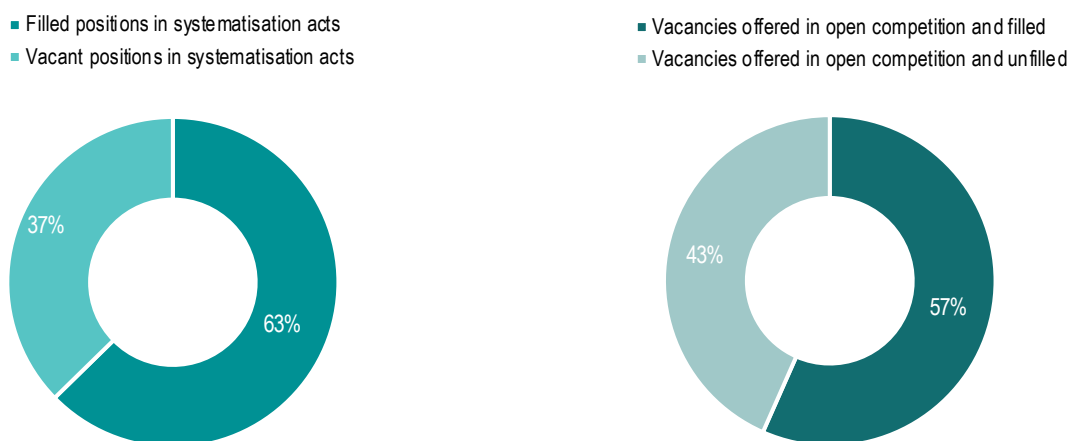
¹⁶² Law on the Civil Service in Public Administration Bodies of the BD, Official Gazette No. 09/14, with amendments, includes only a general provision on the obligation of public bodies to plan the filling of vacancies on an annual basis (Article 23, paragraph 2), but the annual recruiting plan is not further regulated.

¹⁶³ A public competition can be organised before the position becomes vacant, according to the BD CSL, Article 34, paragraph 3.

State level was lifted.¹⁶⁴ At the same time, a moratorium on new recruitments was introduced in the FBiH. In 2023, it requires federal government approval for new recruitments.¹⁶⁵ This contributes to the large share of positions foreseen in the systematisation acts that remain unfilled in the FBiH (Figure 21)

The low effectiveness of open competitions aggravates this problem: in 2023, only 56.6% of announced vacancies were filled.

Figure 21. Filled positions in systematisation acts and vacancies filled through open competitions in the FBiH, 2023



Note: The data encompasses federal government administration bodies.

Source: Data received from the FBiH CSA.

The ability to fill announced vacancies is higher in the RS (90.4%); data for the State level was unavailable.

The general principles of competitive and non-discriminatory access to civil service are ensured at all levels. Nevertheless, beyond these general principles and legal provisions supporting them, none of the analysed administrations has implemented modern recruitment techniques, including a structured approach to employer branding. The attractiveness and competitiveness of recruitment are not systematically monitored. Existing data at the FBiH and RS levels show low average numbers of eligible candidates per vacancy in open competitions (4 in the FBiH and 3.4 in the RS).

Information on vacancy announcements is available through multiple channels, including centralised recruitment portals, which at the FBiH and the State level are user-friendly. In addition, candidates in the FBiH and the RS are requested to present original documents only if they are shortlisted, and in the BD, only the selected candidate must do so. This makes the recruitment process more efficient and candidate-friendly.¹⁶⁶ Job announcements at the FBiH and the State level also include information on base salaries offered. The RS and the State level have reported using social media to attract candidates beyond what their legislation requires. All four recruitment portals comply and are easily accessible. However, insufficient effort is put into encouraging and facilitating the participation of candidates with disabilities. Persons with disabilities are not informed about the possibility of requesting adaptation of selection procedures to their needs, and there is no obligation for the recruiting authorities to provide reasonable accommodation.

¹⁶⁴ Decision of the Administrative Inspector of 21 November 2022.

¹⁶⁵ Conclusion of the CoM No. 664/2023 of 4 May 2023. Later amendments to this conclusion exempted the ministries from this obligation.

¹⁶⁶ OECD (2022), *SIGMA Monitoring Report: Bosnia and Herzegovina*, OECD, Paris, p. 78, <https://www.sigmaweb.org/publications/Monitoring-Report-Bosnia-and-Herzegovina-May-2022.pdf>.

Civil service regulations ensure professionalism of selection to a higher degree than labour codes or special legislation applying to some public bodies. However, the procedures present certain shortcomings, especially in the RS. Selection is performed in a traditional way: job descriptions focus primarily on formal requirements related to education and professional experience, and working conditions are not included in job announcements. Selection is not based on competency profiles of positions. It relies mainly on knowledge-based tests (which in the RS are only general knowledge exams not related to the specific position)¹⁶⁷ and interviews.¹⁶⁸ The regulations do not require participation in selection bodies neither of direct managers of the job nor of specialised HR experts. In the FBiH, the appointing authority is not obliged to appoint the highest-ranked candidate.¹⁶⁹ In the RS, although this obligation is spelt out in the regulations, the notice period to start work is only fifteen days from the time when the appointment decision becomes final which is too rigid and may prevent the appointment of the best-ranked candidates in some cases.¹⁷⁰ Civil service legislation establishes candidates' appeal rights, which is not always true for candidates applying to public bodies not covered by CSLs. The analysis of selected recruitment files shows that the legislation was followed in practice in these cases; insufficient information was received from the RS and the BD.

The problems described above with filling vacant positions in the FBiH are exacerbated by lengthy selection processes – the average time from the announcement of a vacancy to the announcement of the competition's results in the FBiH was 171 days in the group of public bodies analysed (Figure 22). This period can be significantly longer if it is calculated until the moment of appointment. On the other hand, since 2021, the FBiH Appeals Board has made significant efforts to reduce the backlog of cases and the average duration of appeals. As a result of the decreasing disposition time and increasing clearance rate, the average duration of appeals has fallen from more than 6 months in 2021 to 3.5 months in 2023. In the RS, recruitments based only on interviews (besides general entry-level exams) explain the shorter duration (Figure 23).

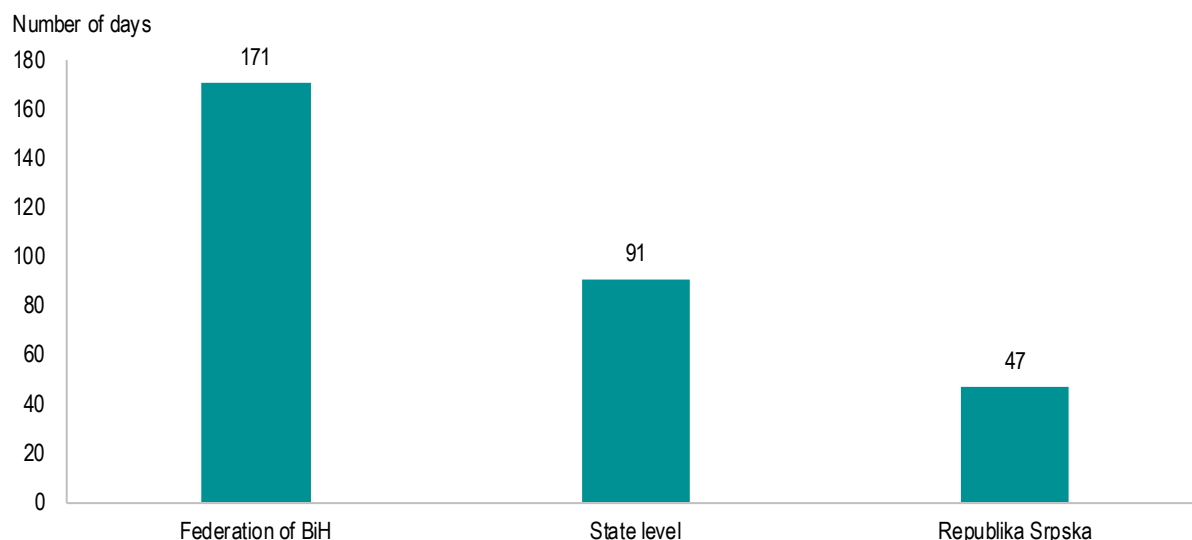
¹⁶⁷ RS CSL, Article 61.

¹⁶⁸ There are detailed guidelines defining the competencies that apply to different categories at the State level. However, competencies have not been adequately introduced in job descriptions, and a uniform approach to using competencies in selection is not ensured. OECD (2022), *SIGMA Monitoring Report: Bosnia and Herzegovina*, OECD, Paris, p. 78, <https://www.sigmaweb.org/publications/Monitoring-Report-Bosnia-and-Herzegovina-May-2022.pdf>.

¹⁶⁹ However, in seven out of eight analysed recruitment files, the highest-ranked candidates were appointed.

¹⁷⁰ CSL RS, Articles 39 and 40, Paragraph 1d. More details about the shortcomings of the legislation can be found in OECD (2022), *SIGMA Monitoring Report: Bosnia and Herzegovina*, OECD, Paris, <https://www.sigmaweb.org/publications/Monitoring-Report-Bosnia-and-Herzegovina-May-2022.pdf>.

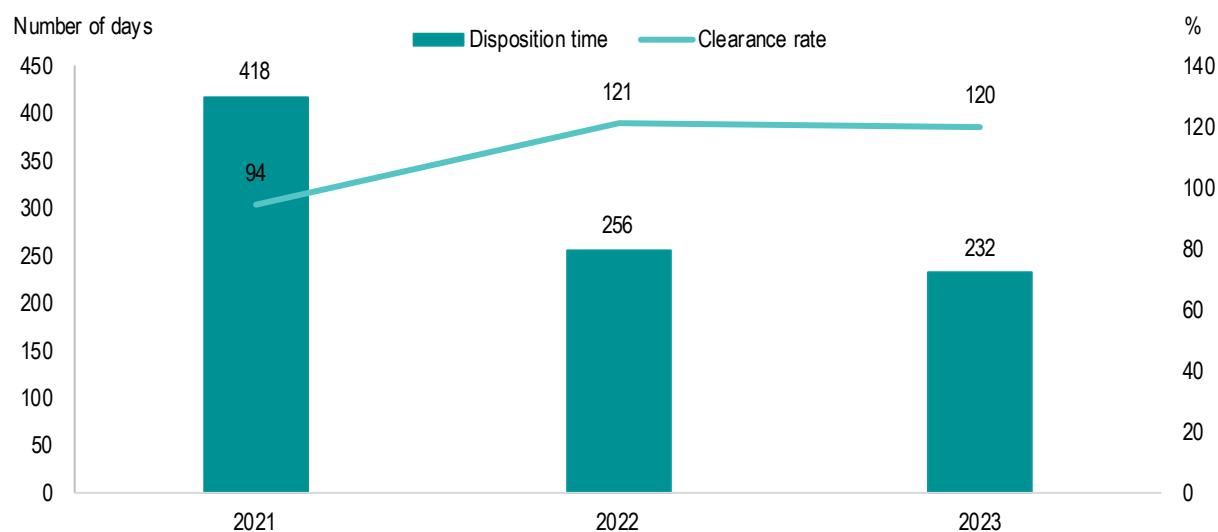
Figure 22. Average length of selection procedures



Notes: The analysis of recruitment processes in five selected bodies at the State level, in the FBiH and in the RS in 2023. The selection length is calculated from the date of the vacancy announcement until the announcement of the selection results (calendar days).

Source: State level: data provided by the MoF, the Ministry of the Interior and the Tax Administration. FBiH: data provided by the MoF, the Ministry of Internal Affairs, the Tax Administration and the Employment Agency. RS: data provided by the MoF, the Ministry of Education, the Tax Administration and the Employment Agency.

Figure 23. Effectiveness of the FBiH Appeals Board



Source: Data received from the FBiH Appeals Board.

Newly employed civil servants in all three administrations assess the onboarding practices well, with slightly lower results for the RS.¹⁷¹

¹⁷¹ SIGMA Survey of Public Servants on the functioning of public administration in the Western Balkans 2024.

Principle 10: Effective leadership is fostered through competence, stability, professional autonomy and responsiveness of accountable top managers.

Regarding professional top managers, the scope of senior civil service is adequate and clearly defined, except for the State level, where heads and deputy heads of administrative organisations can be either senior civil servants or political appointees, and the BD. However, decision-making in most areas, including ministries' internal management, lies in the hands of ministers. The selection techniques for TPM positions are not well adapted to the specificity of these positions in the FBiH and the RS. Low salary compression ratios offer insufficient incentives to take on TPM responsibilities. Gender balance in TPM is still insufficient, particularly at the State level and in the RS.

Indicator 10. Professional top managers		2024 indicator value			
		State level	FBiH	RS	BiH
Sub-indicators		Points			
1.	A specific category and scope of the Top Public Management (TPM) system	4/11	9/11	6/11	6.3/11
2.	Attractiveness of top management positions	3.3/7	1.4/7	2/7 ⁱ	2.2/7
3.	Merit-based and competitive recruitment of top managers	8.8/47 ⁱ	28.8/47	6.2/47	14.6/47
4.	Diversity and gender parity in top management positions	0.8/5	2.6/5	1.6/5	1.7/5
5.	Management by objectives and performance evaluation	ii	ii	ii	4/4
6.	Managerial autonomy	ii	ii	ii	1.7/2
7.	Training and professional development	2/2 ⁱⁱ	2/2 ⁱⁱ	0/2 ⁱⁱ	3.2/4
8.	Stability of top managers	2/20 ⁱ	9/20 ⁱ	4/20 ⁱ	5/20 ⁱ

Notes: The value for Bosnia and Herzegovina is the simple average of the State level, FBiH and RS unless indicated otherwise.

(i) = data not available or not provided. (ii) = data not applicable.

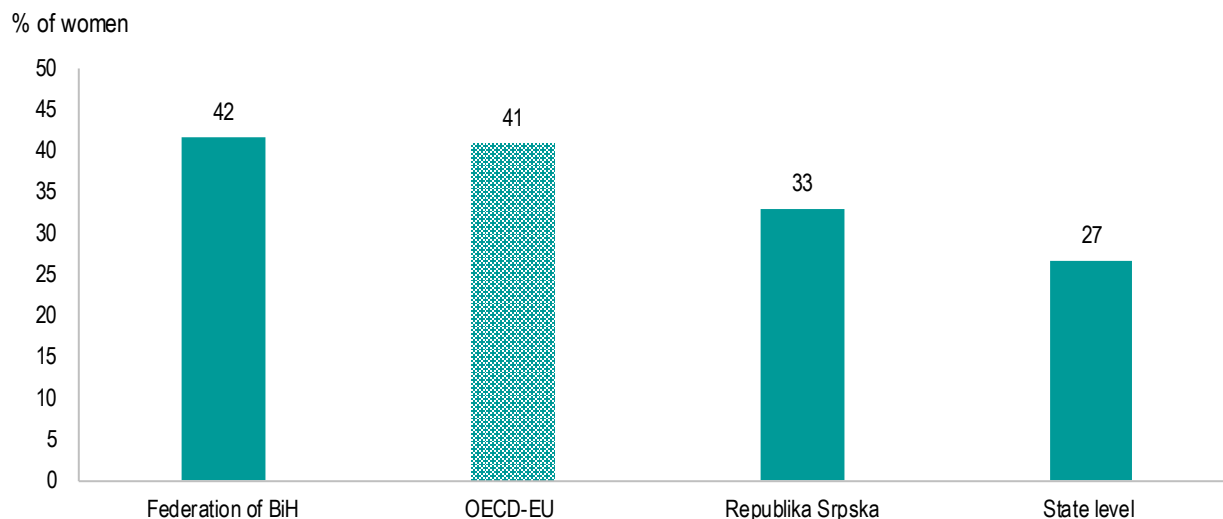
A specific category of TPM exists at the State level and in the FBiH and the RS, and these positions are clearly separated from political positions. The exception is the State level, where the heads and deputy heads of administrative organisations can be either senior civil servants (secretaries with special assignment) or persons appointed based on special provisions, without any clear pattern about which mode of appointment is used in which situation. In the BD, this differentiation is also unclear.¹⁷² TPM at the State level and in the FBiH and the RS encompasses secretaries of ministries and assistant ministers, directors and deputy directors of administrative authorities within ministries and independent authorities.¹⁷³ In the ministries, the responsibility for large policy areas is assigned to assistant ministers. The secretaries of ministries are tasked with general co-ordination and provision of advice to ministers, as the decision-making powers in most areas, including HRM, lie in the hands of ministers and are not delegated to lower levels of management.

¹⁷² According to the BD CSL, Article 23, paragraphs 5 and 6, the positions linked with the mandate of the Mayor and the mandate positions shall not have the status of civil servants. This provision is inconsistent with the practice and other provisions (CSL, Article 24), according to which the so-called mandated managerial positions have the status of civil servants. Therefore, the scope of political functions and TPM positions is unclear.

¹⁷³ Udelepp, A., et al. (2018), "Analysis of the Professionalisation of the Senior Civil Service and the Way Forward for the Western Balkans", *SIGMA Papers*, No. 55, OECD Publishing, Paris, Annex 5, <https://doi.org/10.1787/8535b60b-en>.

The share of women in TPM positions in the FBiH is slightly above the average in OECD-EU countries, but is significantly lower at the State level and in the RS (Figure 24).

Figure 24. Gender balance in TPM positions



Note: OECD-EU data refer to the OECD-EU countries plus Iceland, Norway the United Kingdom and Türkiye. OECD-EU data refer to the year 2021.

Source: For BiH, data provided by the State level CSA, the FBiH CSA and the RS CSA. For OECD-EU countries, OECD (2023), *Government at a Glance 2023*, OECD Publishing, Paris, pp. 182-183, <https://doi.org/10.1787/3d5c5d31-en>.

The attractiveness of TPM positions is not regularly monitored, and the available data provides a mixed picture. According to information provided by the CSA at the State level, 65% of competitions had five or more eligible candidates in 2023, and there were 6.4 eligible candidates per vacancy on average, which points to a reasonable level of attractiveness of top management jobs. However, in the RS, there was only one candidate per vacancy in the same year; therefore, no real competition took place.¹⁷⁴ Information from the BD was unavailable.

The analysis of the salary compression ratio indicates limited financial incentives for TPM positions compared to lower positions, with ratios between the highest and lowest positions around 3 at the State level and in the RS and 2.8 in the FBiH.¹⁷⁵ The ratios of estimated TPM gross monthly salaries to GDP per capita in 2023 for positions one level below ministers or equivalent (3.6 at the State level, 3.4 in the FBiH and 4.3 in the RS)¹⁷⁶ are lower than the average in OECD countries (5.8, only available for 2017).¹⁷⁷

¹⁷⁴ This calculation is based on ten recruitment procedures conducted in 2022 and 2023 in the RS. The State level provided only the percentage of recruitments to TPM positions organised in 2023 (35 in total) with more than five eligible candidates. Data from the FBiH was only available for the specific recruitment files analysed and is not included.

¹⁷⁵ See the analysis of Principle 11.

¹⁷⁶ For BiH State level and the RS, TPM gross monthly salary is an estimation for the position of Secretary of a ministry, based on the salary structure in legislation and the reference value of the coefficient for 2023. For FBiH, the estimation was provided by the CSA. Source for GDP per capita: European Commission (based on International Monetary Fund data), https://webgate.ec.europa.eu/isdb_results/factsheets/country/overview_bosnia-herzegovina_en.pdf

¹⁷⁷ OECD (2017), *Government at a Glance 2017*, OECD Publishing, Paris, p. 103, http://dx.doi.org/10.1787/gov_glance-2017-en.

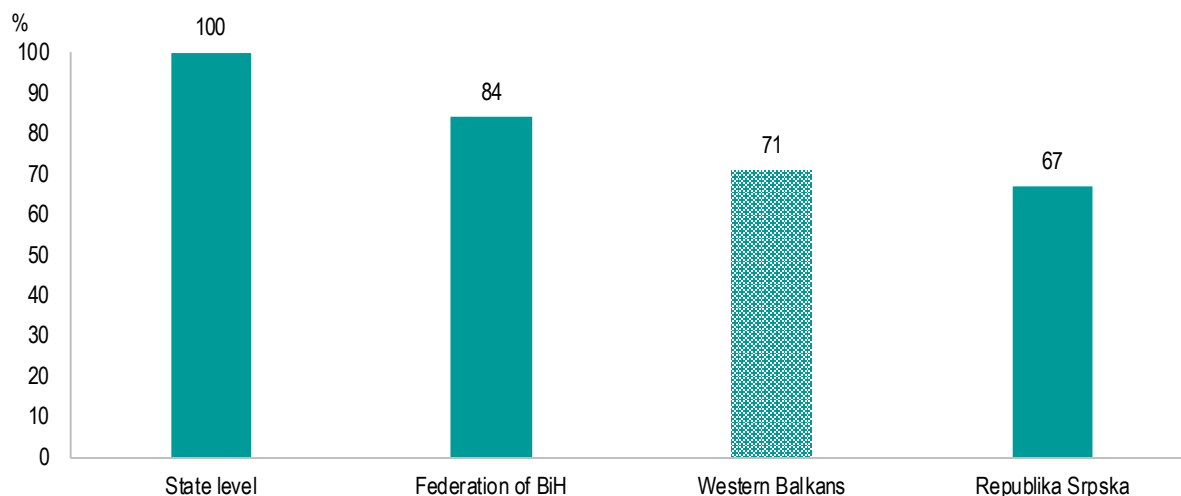
The selection to TPM positions, and especially the selection techniques, do not differ much from the selection of other civil servants in the RS and the FBiH.¹⁷⁸ A separate set of competencies is tested for TPM positions at the State level. Information about selection to TPM jobs was not available in the BD. As a rule, access to TPM positions happens through an open competition accepting external applicants. However, lateral transfers between TPM positions are also possible in some cases (at the State level and in the FBiH). The legislation at the State level stands out compared to the RS and the FBiH regarding the composition of selection panels. There are more safeguards against political influence on the panels and better guarantees of their professionalism. The analysis of recruitment files in a selected group of institutions showed that the members of selection panels were senior enough but did not always include an HR expert. The selection techniques used in the RS and the FBiH did not include practical cases or written essays, and there was no proof that structured interviews were applied. At the State level, structured interviews took place. The legislation does not clearly state that one of the three highest-ranked candidates should be appointed at the FBiH and State levels. This is the case for the RS, but in most cases, no real competition took place, as only one eligible candidate applied. In addition, in the RS, if the Government fails to appoint a selected candidate within thirty days of receiving the CSA's proposal, the competition is considered failed.¹⁷⁹ SIGMA was informed that this happened in around 15% of cases in 2021, but data for 2023 were not provided. Data on acting TPM position holders were not provided for the RS, the State level and the BD; in the case of the FBiH, acting appointments are not envisaged in legislation.

The State level and the FBiH offer specific training programmes for TPM. This translates to a high percentage of top managers who responded to the SIGMA Survey of Public Servants on the functioning of public administration 2024 declaring participation in professional development activities – the highest value among Western Balkans administrations (Figure 25)

¹⁷⁸ Several shortcomings in the selection procedures for TPM positions are described in the previous SIGMA monitoring report, OECD (2022), *SIGMA Monitoring Report: Bosnia and Herzegovina*, OECD, Paris, p.82, <https://www.sigmaweb.org/publications/Monitoring-Report-Bosnia-and-Herzegovina-May-2022.pdf>.

¹⁷⁹ CSL RS, Article 40, Paragraph 1d.

Figure 25. Declared participation of TPM holders in professional development activities



Notes: Analysis of survey responses from a sample of public servants in top management positions to the following question: “In the previous year, have you participated in any training course, session, workshop or other professional development?” The figure shows the percentage of respondents who replied “yes” to the survey question.

Source: SIGMA Survey of Public Servants on the functioning of public administration in the Western Balkans 2024.

TPM holders have an open-ended term or a term that exceeds the political term, except for secretaries with special assignments at the State level, and in the BD.¹⁸⁰ However, insufficient data was provided to assess the level of stability in TPM positions and to what extent the rights of dismissed TPM holders are protected.

¹⁸⁰ The so-called mandated positions are appointed for a fixed time period (BD CSL, Article 46, paragraph 1c). However, the CSL does not specify how long the period is. The Law on the Finance Directorate specifies that the director’s term of office is four years (Article 9, paragraph 2), the same as the length of the term of the legislature.

Principle 11: Public servants are motivated, fairly and competitively paid and have good working conditions.

Internal fairness of salaries is not fully ensured, due to insufficient development of job descriptions, evaluation and classification methods. The limited availability of data prevents the analysis of salary competitiveness. Low compression ratios at the State level and in the FBiH and the RS limit public servants' opportunities for career advancement. Bonuses exist in the RS and at the State level, but they have a limited impact on performance. Occupational health and safety regulations do not fulfil EU standards, except in the BD, and flexible working arrangements are not in place. Despite these shortcomings, the data available, albeit limited, do not point to issues with staff retention.

Indicator 11. Attractiveness of employment and work conditions		2024 indicator value				25/100
		State level	FBiH	RS	BiH	
Sub-indicators		Points				
1.	Attractiveness of employment in public administration	0/14 ⁱⁱⁱ	2/14 ⁱⁱⁱ	0/14 ⁱⁱⁱ	3.8/20 ⁱ	
2.	Fairness in the allocation of base salaries and allowances	6/21 ⁱⁱ	1/21 ⁱⁱ	3/21 ⁱⁱ	3.8/23	
3.	Predictability of the wage budget of the public service	0/6 ⁱ	3/6 ⁱ	3/6 ⁱ	2/6 ⁱ	
4.	Availability and transparency of salary information	2/8	2/8	0/8	1.3/8	
5.	Salary progression opportunities	5/8	2/8	4/8	3.7/8	
6.	Performance-related pay and other incentives	2/5 ⁱⁱ	5/5 ⁱⁱ	3/5 ⁱⁱ	4.2/8	
7.	Work conditions and well-being of public servants	3/13	3/13	7/13	4.3/13	
8.	Availability of flexible work arrangements	0/4 ⁱⁱ	0/4 ⁱⁱ	0/4 ⁱⁱ	0.8/7	
9.	Social dialogue with the public sector employees	1/7	1/7	1/7	1/7	

Notes: The value for Bosnia and Herzegovina is the simple average of the State level, FBiH and RS unless indicated otherwise. (i) = data not available or not provided. (ii) = data not applicable. (iii) = data not available or provided and partially not applicable.

The structure of public servants' salaries consists of a base salary and supplements.¹⁸¹ The salary laws establish salary scales based on job classification. Nevertheless, regulations on the internal organisation and job systematisation of administrative bodies define job descriptions only broadly. This does not provide a good basis for job evaluation and classification and, therefore, for internal fairness of salaries. The State level, the FBiH and the BD apply basic, non-analytical job evaluation methods to classify jobs. Such methods are not developed in the RS.

Due to the lack of detailed job descriptions and only basic job evaluation and classification methods, positions of similar categories and levels subject to the same salary coefficient may deal with tasks involving different levels of complexity and responsibility. According to information collected in the interviews, this leads to dysfunctional mobility from more complex jobs to easier ones classified at the same level.

Although base salary tables have from 7 to 11 salary levels, the salary system does not offer sufficient progression opportunities, due to a low salary compression ratio, which is 3 at the State level and in the

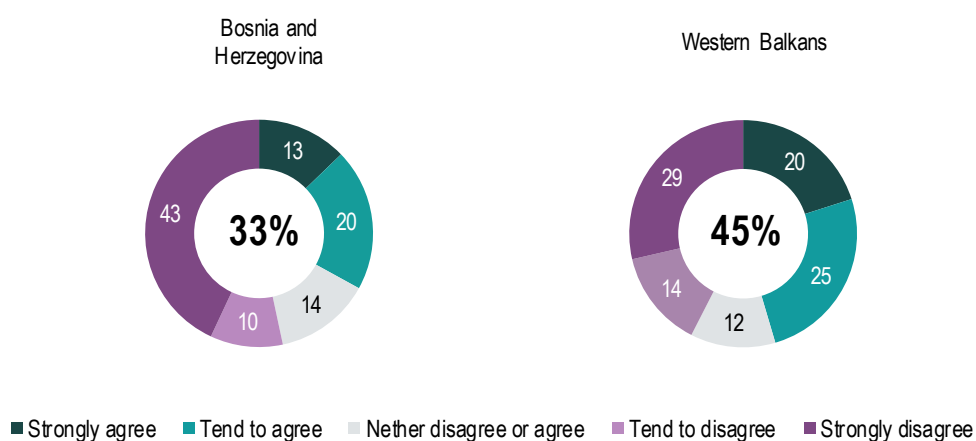
¹⁸¹ Salaries are regulated by the following laws: Law on Salaries and Remuneration in the Institutions of BiH, Official Gazette of BiH No. 50/08 with subsequent amendments (later referred to as Salary Law State level); Law on Salaries and Fees in the Authorities of the FBiH, Official Gazette of FBiH No. 45 of 29 July 2010 with amendments (later referred to as Salary Law FBiH); Law No. 02/1-021-729/18 of 4 July 2018 on Salaries of Employees in the Administrative Bodies of the RS with subsequent amendments (later referred to as Salary Law RS).

RS, and 2.8 in the FBiH.¹⁸² In addition, civil servants can progress through salary steps without changing positions only at the State level. This situation is consistent with the significant percentage of respondents (38.3%) to the ReSPA survey on the mental well-being of civil servants in BiH who agreed they were not satisfied with their career progression.¹⁸³

Salary systems have complex structures with several supplements and allowances that make them less transparent; the criteria for awarding some of them are unclear, for example, as regards the supplement for special work conditions at the State level¹⁸⁴ or special awards for work results in the RS.¹⁸⁵

Bonuses for public servants are foreseen at the State level, and in the RS and the BD, but SIGMA has not received reliable data about their actual application. Only 33% of public servants in BiH who responded to the SIGMA survey of Public Servants on the functioning of public administration 2024 think that the reward system improves their colleagues' performance. This result is well below the average value in Western Balkan administrations (Figure 26).

Figure 26. Perception of the impact of the reward system on the organisation's performance (%)



Note: Percentage of valid responses to the question: "To what extent do you agree or disagree with the following statement?" "The incentive system in my organisation (monetary and non-monetary rewards) improves the performance of my colleagues". The percentage in the middle is the share of the respondents who answered "tend to agree" or "strongly agree".

Source: SIGMA Survey of Public Servants on the functioning of public administration in the Western Balkans 2024.

There is no comparative data or analysis of public servants' salaries. Consequently, it is impossible to assess their competitiveness. Salary information is not easily available to the public. Candidates for civil service jobs can find information on base salary in vacancy announcements at the State level, and in the FBiH and the BD. A positive exemption related to the lack of transparency of salaries is found in the BD,

¹⁸² At the State level, the estimated gross monthly salary of the ministry secretary in 2023 was BAM 4 258, and the estimation for the lower salary class B1-2.3 was BAM 1 380. In the RS, these estimations were BAM 5102 for a ministry secretary and BAM 1 688 for the lower salary grade (professional associate with secondary education). In the FBiH, BAM 4 006 for a TPM and BAM 1424 for the lowest position (associate).

¹⁸³ ReSPA (2024), Survey on the Mental Well-being of Civil Servants in Bosnia and Herzegovina, Montenegro, The Republic of North Macedonia and Serbia, January 2024, p. 11, <https://respaweb.eu/download/doc/ReSPA+Survey+on+the+Mental+Health+final.pdf/0f6e979e89d7f7d5881eb43ebc807ba0.pdf>

¹⁸⁴ Salary Law State level, Article 26.

¹⁸⁵ Salary Law RS, Article 19, paragraph 1, point 4.

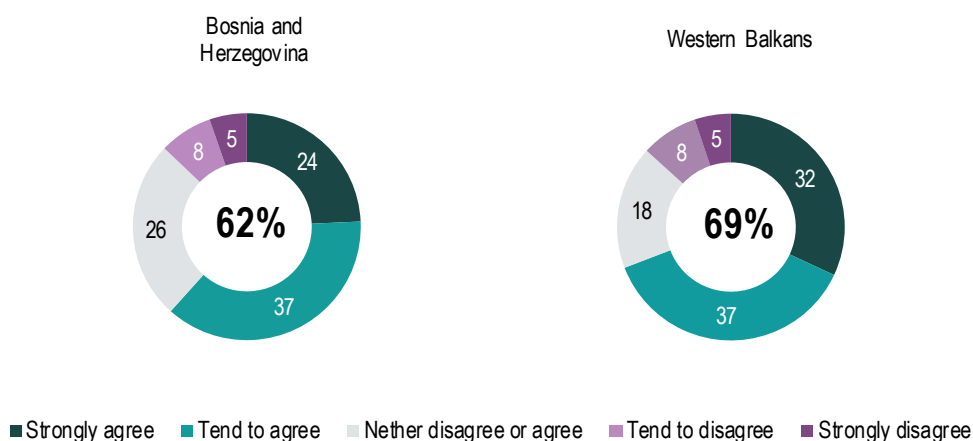
where the publicly available register of public servants includes information on base salaries and salary supplements of all employed public servants.¹⁸⁶

Civil servants in BiH do not enjoy flexible working arrangements, including remote working. As to other non-financial motivators, a recent ReSPA survey has revealed some problematic factors influencing the motivation and well-being of public servants in BiH, including the level of stress resulting from, among other factors, tight deadlines and poor task distribution, relationships with colleagues and the attitude of managers who tend to criticise rather than praise their staff.¹⁸⁷

Provisions are in place in relation to occupational health and safety in the RS, the FBiH and the BD, but not at the State level. However, in the FBiH, this obligation relates only to employers with increased risks¹⁸⁸ and in the RS, while the provisions exist, they fail to create sufficient legal guarantees for the protection of health and safety of designated employees. In addition, according to some trade unions interviewed, these are just formal requirements that do not positively influence practice.

62% of public servants who responded to SIGMA's survey would be willing to recommend their organisation as a good place to work (Figure 27). These values are below the average in the region.

Figure 27. Willingness to recommend the organisation as a good place to work (%)



Note: Percentage of valid responses to the question: "To what extent do you agree or disagree with the following statement?" "I would recommend my organisation as a good place to work." The percentage in the middle is the share of the respondents who answered "tend to agree" or "strongly agree".

Source: SIGMA Survey of Public Servants on the functioning of public administration in the Western Balkans 2024.

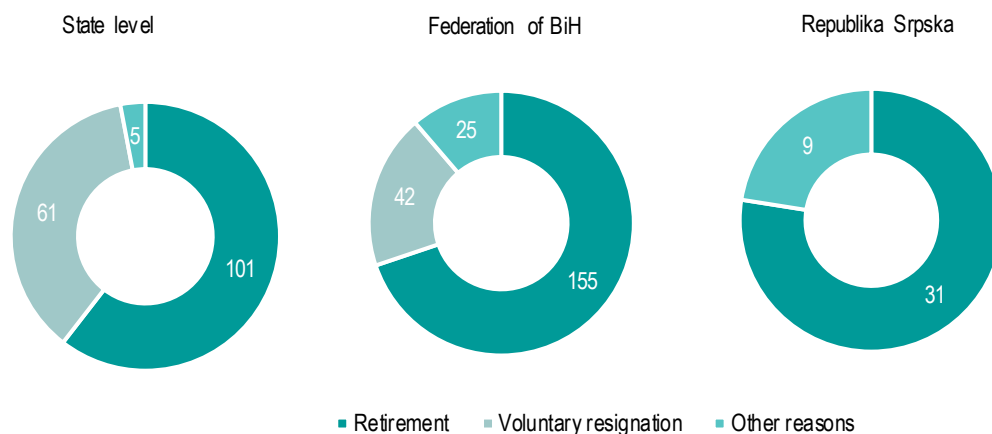
Despite limited attraction, limited satisfaction with work in the public service and not yet systematic monitoring of termination of employment, data available do not reveal problems in retaining staff (Figure 28). In 2023, the main reason for leaving public service was retirement. However, voluntary turnover in civil service is not systematically monitored, and it seems to be high in some professional groups, such as IT staff.

¹⁸⁶ Available at <https://aktbd.ba/hr/registri-2/>

¹⁸⁷ ReSPA (2024), Survey on the Mental Well-being of Civil Servants in Bosnia and Herzegovina, Montenegro, The Republic of North Macedonia and Serbia, January 2024, pp. 24-25, <https://respaweb.eu/download/doc/ReSPA+Survey+on+the+Mental+Health+final.pdf/0f6e979e89d7f7d5881eb43ebc807ba0.pdf>.

¹⁸⁸ Law on the Protection at Work, Article 34, Official Gazette of the FBiH No. 79/2020 of 30 October 2020.

Figure 28. Termination of employment in public service by cause



Note: The RS data did not present voluntary resignation as a separate item; it is included in "other reasons".
Source: Data received from BiH institutions for 2023.

Public servants have the right to become members of trade unions. While social partners (trade unions) were involved in the negotiations of collective agreements, SIGMA has not received evidence of involving them during other legislation drafting processes affecting the rights and duties of public servants.¹⁸⁹ Information on the implementation of social dialogue in selected public institutions shows that, in many cases, social partners were not involved in the dialogue on working conditions and well-being.

¹⁸⁹ The currently implemented Collective Agreements in the RS and the FBiH were signed in 2023. A Collective Agreement has not yet been signed at the State level (the negotiations are ongoing).

Principle 12: Professional development, talent and performance management enhance the skills, efficiency and effectiveness of public servants and promote civil service values.

The CSAs manage centralised training, representing only a small part of the training supply, especially in the RS. Although the centralised training is based on training needs analysis (TNA), less than two-thirds of managers responding to the SIGMA survey perceive it as relevant and useful. Performance appraisals, although well-regulated, do not work properly in practice. The legislation does not ensure merit-based promotion, which is consistent with the low perceived merit in career advancement.

Indicator 12. Professional development and performance management of public servants		2024 indicator value				34/100
		State level	FBiH	RS	BiH	
Sub-indicators		Points				
1.	Professionalism of performance assessment	4/13 ⁱⁱⁱ	5.8/13 ⁱⁱ	7/13 ⁱⁱ	8.4/21	
2.	Existence of training plans adapted to government priorities	7/8	7/8	4/8	6/8	
3.	Implementation and results of training	7.6/12 ⁱⁱ	4.7/12 ⁱⁱ	1/12 ⁱⁱ	6.9/16	
4.	Regulation and use of horizontal mobility	5/16	6/16	1.5/16	4.2/16	
5.	Professionalism of vertical promotion	5.5/20 ⁱⁱ	3.1/20 ⁱⁱ	0/20 ⁱⁱ	5.5/26	
6.	Support of professional development practices for diversity and inclusion	0.5/13 ⁱ	8/13	0/13 ⁱ	2.8/13 ⁱ	

Notes: The value for Bosnia and Herzegovina is the simple average of the State level, FBiH and RS unless indicated otherwise.

(i) = data not available or not provided. (ii) = data not applicable. (iii) = data not available or provided and partially not applicable.

The CSAs at the State level and in the FBiH and the RS are responsible for the organisation of centralised training – they prepare training programmes and are responsible for their implementation.¹⁹⁰ The DTAA in the BD also has this responsibility, but it does not organise training in practice, due to budget shortages. Centralised training organised from the State budget is well planned and monitored. Training plans exist at the State level and in the FBiH and the RS. They are based on TNAs and reflect both strategic and operational needs. The quality of the training delivered is evaluated. The training systems are more advanced at the FBiH and State levels, as they encompass different training forms, including e-learning; the e-learning platform in the RS is under development. Other learning opportunities, such as communities of practice or professional networks, are not sufficiently developed.

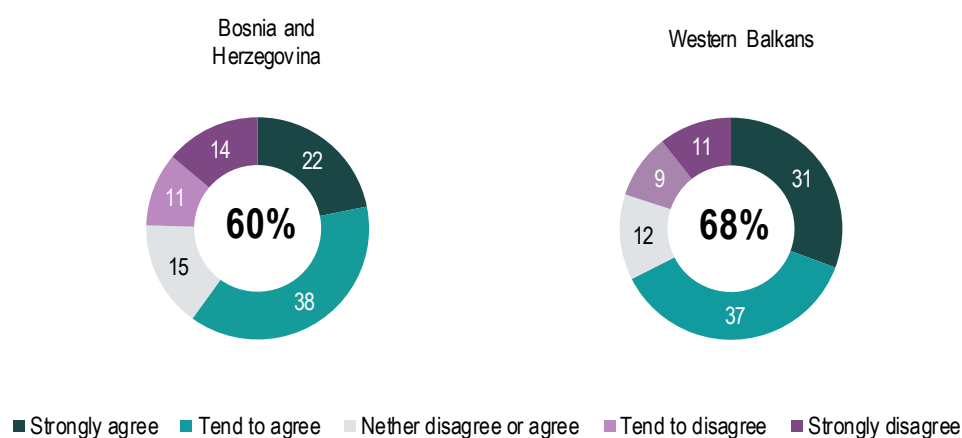
External donors offer a large share of training for civil servants. The CSAs do not influence this training and do not monitor it. A stark example illustrating how the national financing of training is replaced by donor-funded training is the RS, where only 17 public servants were trained from public sources in 2023, and the official expense was 0, as internal trainers conducted that training. At the same time, at least 266 public servants received training financed from external sources.¹⁹¹

The perception of training relevance and usefulness in BiH among public service managers who responded to SIGMA's survey is among the lowest in the region (Figure 29).

¹⁹⁰ CSL FBiH, Article 59, paragraph 3; CSL State Level, Article 62, paragraphs 2 and 3; CSL FBiH, Article 64, paragraph 2c; CSL BD, Article 123a, paragraph 1g.

¹⁹¹ The number may be higher, as data on training financed from external sources are not always collected.

Figure 29. Perceived relevance and usefulness of the training provided to the staff by managers in the central government administration



Note: Percentage of valid responses to the question: "To what extent do you agree or disagree with the following statement?" "The training provided to the staff in my institution contributes to improve their performance." The percentage in the middle is the share of the respondents who answered "tend to agree" or "strongly agree".

Source: SIGMA Survey of Public Servants on the functioning of public administration in the Western Balkans 2024.

The perception of the relevance and usefulness of training is better among trainees (79% trainees have a positive opinion), but it is still lower than in any other Western Balkan administration.¹⁹² According to information received, training was rarely used to promote inclusiveness and diversity, except at the State level, where gender-related training was organised in 2023.

Performance appraisals are regulated in the four administrations, and the regulations fulfil the minimum requirements. Nevertheless, the practice of performance appraisals is flawed regarding the process and the results. Despite mandatory setting of objectives at the start of the evaluation period and regular compulsory interviews, a large share of civil servants (39% according to the survey) claim that performance objectives were not set for them, and an even larger share (49%) claim that they did not discuss the results of performance evaluation with their managers.¹⁹³

The inflation of performance appraisal grades persists – almost all civil servants are assessed in the categories above "performance meeting expectations": 99% in the State level and the FBiH, 98.4% in the RS, and 88% in the BD. (Table 4)

These values remained stable at very high levels compared to 2021.¹⁹⁴ The introduction of recommended quotas for performance appraisal results at the State level¹⁹⁵ did not affect the balance of performance appraisal grades. Consistent with this reality, the perception of the usefulness of performance appraisals is the lowest in the region, both in terms of their use for the planning of professional development and their perceived impact on employees' performance (Figure 30).

¹⁹² SIGMA Survey of Public Servants on the functioning of public administration 2024.

¹⁹³ *Ibid.*

¹⁹⁴ State level, data for 2022. Data for 2023 was not available.

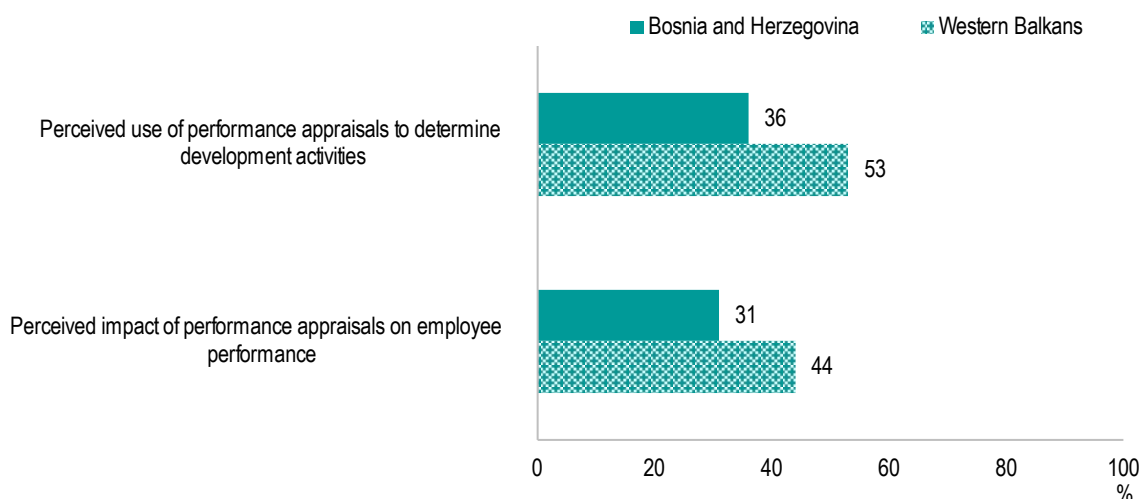
¹⁹⁵ Regulation on the Method of Assessing the Work of Civil Servants in the Institutions of BiH, Article 33, Official Gazette of the BiH No 59/11.

Table 4. Distribution of performance appraisal grades

Scale	State level (2022)		Federation BiH (2023)		Republika Srpska		Brčko District	
		%		%		%		%
Exceptional / Grade 4	3 657	89.1%	1 390	68.6%	10 383	98.4%	Not available	Not available
Exceeds expectations/ Successful/ Good/ Grade 3	430	10.5%	602	29.7%			795	88%
Meets expectations / Grande 2	17	0.4%	32	1.6%	169	2%	108	12%
Does not meet expectations / Unsatisfactory / Grande 1	2	0%	1	0%			0	0%
Total	4 106	100%	2 025	100%	10 552	100%	903	100%

Notes: Data refers to 2023 in FBiH, RS and BD, and to 2022 in the State level. In the RS and the State level, data include the results of semi-annual evaluations added up, while in the FBiH and the BD, data refer to one annual evaluation. The grading scale in the FBiH includes the following grades: Exceptionally successful, Successful, Satisfactory, and Unsatisfactory. In the RS and the State level: Grade 1 - negative; Grade 2 - when "the overall work performance was achieved with a minimum result that meets the requirements of the workplace", Grade 3 - good, Grade 4 - Exceptional. In the BD: Exceeds expectations, Meets expectations, and Does not meet expectations.

Sources: CSAs of the FBiH and the RS. Department of Technical and Administrative Affairs of the BD.

Figure 30. Perceived impact of performance appraisals on professional development planning and performance of staff

Note: The percentage of public servants surveyed who tend to agree or strongly agree with the following statements: "Performance evaluation in my institution has improved employees' performance by identifying their strengths and weaknesses." and "My performance evaluation is used to determine my training and development activities."

Source: SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024.

Horizontal transfers and mobility are regulated in all four administrations, including permanent and temporary transfers. At the State level, temporary transfers are regulated by the Labour Code.¹⁹⁶ The regulations present some flaws, especially in the RS and the FBiH.¹⁹⁷ Appeal rights are ensured, except

¹⁹⁶ Labour Law in the Institutions of BiH, Official Gazette of BiH No. 26/04 with amendments, Article 9, paragraph 1c.

¹⁹⁷ The provisions in the FBiH do not define similar positions in all cases of transfers and do not always define clear and fine grounds for permanent transfers (CSL FBiH, Article 22a). In the RS, there are also no safeguards that persons will be transferred to the same category (CSL RS, Article 48, paragraph 1, and Chapter X). One of the criteria for temporary transfers, the nature of work, is arbitrary (CSL RS, Article 46, paragraph 1).

for the RS, where temporary transfers cannot be appealed. None of the administrations has an Internet or intranet platform that would support mobility within the public service and enhance its transparency. The RS is developing the internal labour market as a part of the HRMIS, with the goal to create a tool to support internal transfers and mobility. Transfers to a similar work post are possible from the RS or the FBiH to State-level institutions,¹⁹⁸ but they are rarely used in practice. No such transfers took place in 2022, and only six cases were recorded in 2023, two related to TPM positions.

Promotions are regulated at the State level and in the FBiH and the RS,¹⁹⁹ but the regulations do not fully ensure merit-based promotion. They are either unclear (in the FBiH)²⁰⁰ or do not clearly spell out the principle of appointment of the best candidate where promotions involve competition (at the State level and in the RS).²⁰¹ In all cases, the political appointees (heads of bodies) decide on the appointment and appoint the selection board members (at the State level and in the FBiH; selection boards for these procedures are not formed in the RS). There are also no legal guarantees that the members of selection panels will not be political appointees. The practice of promotions could not be assessed because insufficient data was shared in this regard. Nevertheless, the perceived level of merit in promotions in public service in BiH is low, the lowest level in the region, while the perceived influence of political links is the highest (Figure 31).

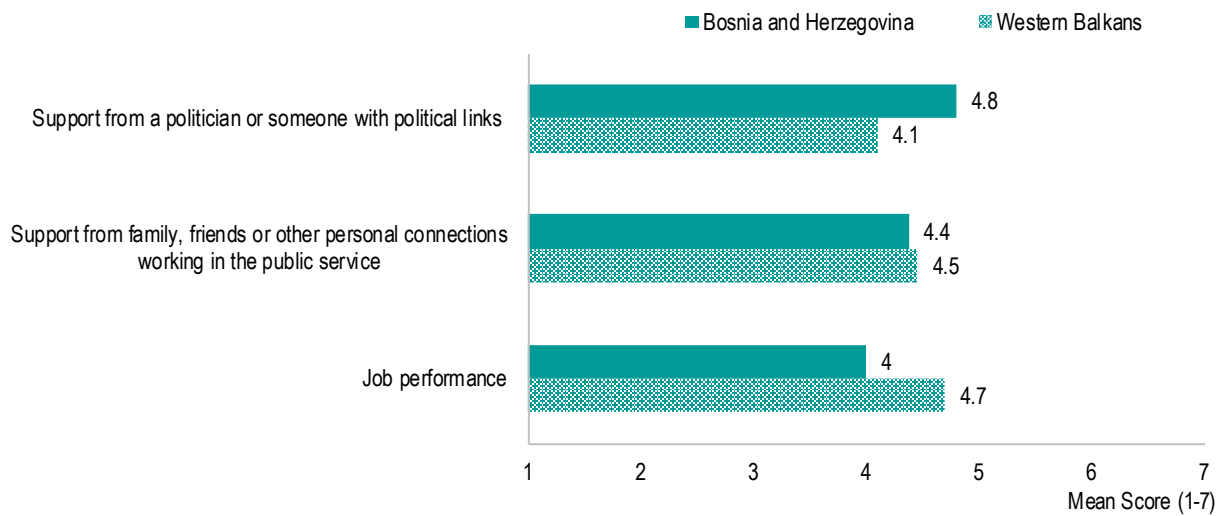
¹⁹⁸ CSL State level, Article 32b.

¹⁹⁹ In the BD, all vacancies should be filled through external competition (CSL BD, Article 33). The only exception is internal competitions announced before an open competition, in which civil servants who were declared redundant can apply (CSL BD, Article 38), but so far the latter provisions have not been implemented.

²⁰⁰ In the CSL FBiH, Article 34, paragraph 2 states that promotions are based on performance appraisal results and made by heads of authorities, whereas Article 35 states that promotions are performed based on internal advertisements and performed by selection boards. It was explained to SIGMA that both provisions relate to the same promotion procedure. However, the wording of the two provisions suggests that it may be otherwise.

²⁰¹ CSL RS, Article 45; Regulation on the Conditions and Manner of Conducting Internal Competitions, Internal and External Transfers of Civil Servants in the Institutions of BiH of 16 July 2010, Article 11, paragraph 11, and Article 12.

Figure 31. Perceived influence of different criteria in career advancement in public service



Note: Analysis of survey results from a sample of public servants in the central government administration to the following question: "Thinking about your career advancement in the public service, how important do you expect the following criteria to be for your advancement to better positions within the public service?: Job performance", "Support from a politician or someone with political links", "Support from family, friends or other personal connections working in the public service." They were asked to use the scale from 1 to 7, where 1 indicates "Not important at all" and 7 indicates "Very important". in relation to these statements.

Source: SIGMA Survey of Public Servants on the functioning of the public administration in the Western Balkans 2024.



Organisation, accountability and oversight

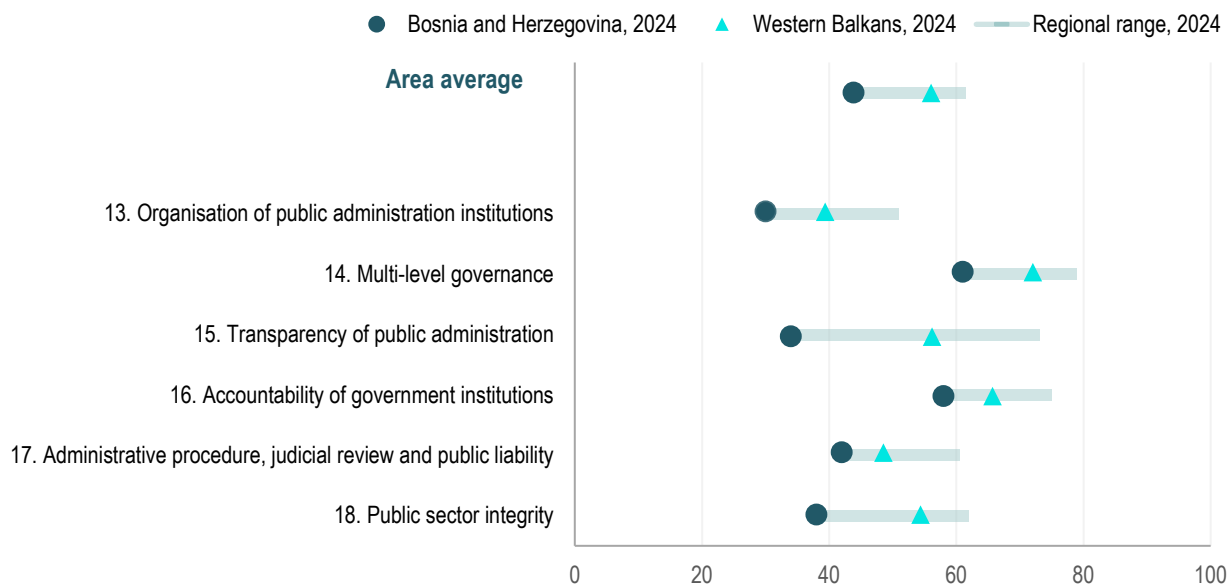
The organisation of the public administration is **efficient** and **effective** across all levels of government. Public administration bodies are **open** and **transparent** and apply clearly defined internal and external accountability mechanisms. Strong oversight bodies protect the rights of citizens and the public interest.

The Principles of Public Administration

- Principle 13** The organisation and management of public administration foster accountability, effectiveness and efficiency.
- Principle 14** Responsibilities are clearly distributed between levels of government, embracing the principle of subsidiarity and local autonomy, and facilitating inter-institutional co-ordination with effective oversight mechanisms.
- Principle 15** Public administration is transparent and open.
- Principle 16** The parliament, ombudsperson and supreme audit institution effectively scrutinise public administration.
- Principle 17** The right to good administration is upheld through administrative procedure, judicial review and public liability.
- Principle 18** A coherent and comprehensive public sector integrity system minimises the risks of corruption.

Summary and recommendations

Figure 32. The overall indicator values in the organisation, accountability and oversight area



Note: Area average is a simple average of the Principles within the area. Western Balkan average is calculated as a simple average of all administrations.

No progress was achieved at any level in addressing the major problems of the organisational set-up of public administration. The revision of the framework laws on public administration was launched only in the Brčko District (BD), but it has not had any outcome so far. Even less complex improvements envisioned, such as promoting greater delegation of decision-making powers in the ministries, are not advancing.

The legal framework for multi-level government follows European standards and establishes democratic processes, institutions for citizen participation and transparency, as well as certain responsibilities for local governments. However, neither the ratification of the European Charter of Local Self-Government nor the initiation of the European Union (EU) accession process has led to a substantial increase in local autonomy, as has happened in other countries of the Western Balkans.

In the RS, the implementation of several provisions (e.g. concerning consultation) is ineffective in practice. Municipalities lack internal control, while their protection from disproportionate external supervision should be made clearer. In RS a relevant, comprehensive local government reform strategy was approved in 2023. In the FBiH, the position of local self-government is negatively impacted by the complex and intricate structure of multi-level governance. There are many challenges in communication and co-operation between federal authorities and local governments, as evidenced by the federal authorities' difficulty in gathering data, the lack of an integrated supervision system and the absence of a federal policy to encourage inter-municipal co-operation.

The long-awaited **new Law on Freedom of Access to Information was adopted at the State level**, but its quality does not guarantee enhancing transparency of public institutions. In particular, the procedure for applying restrictions on access to information raises serious concerns about the scope of discretion granted to public authorities. No legislative changes were adopted at the level of the Entities, and **the monitoring and enforcement mechanisms ensuring the right to information have not been improved either.**

The Ombudsman Institution (OI) reported a significant improvement in the responsiveness of public authorities to recommendations in 2023. Half of the OI's recommendations were implemented,

although still nearly 20% of the institutions addressed failed to even respond to the recommendations. **The procedure for adopting the OI's budget was revised, reducing the possibilities of undue influence of the executive** on the OI's financing level. These positive changes are not reflected in citizens' perception of the effectiveness of the OI in scrutinising the Government. In fact, while 32% of respondents agree that the OI scrutinises effectively the Government, 39% disagree (the remaining 29% expressing a neutral opinion). **Responsiveness to recommendations of the supreme audit institutions (SAIs) is considerably lower** than in the case of the OI. Both types of independent oversight bodies suffer from a lack of adequate parliamentary support in scrutinising public administration. Parliamentary oversight of the executive is also poorly perceived by a majority of the population.

The procedural framework for administrative and judicial review of administrative acts remains relatively consistent across all levels, although some discrepancies are present, especially in the regulation of the administrative judicial procedure. For example, at the State level and in the Federation of Bosnia and Herzegovina (FBiH), the first-instance court rulings cannot be contested by the respective administrative authorities in most cases. **The overall judicial performance in administrative matters has improved**, as the courts are resolving more cases than they receive, thereby reducing the backlogs. The parties of the procedures are not equally protected against excessive length of judicial proceedings, as the FBiH still has not adopted the law ensuring the right to compensation for delays in disposing of court cases. At the level of administrative procedures, the **authorities are not implementing their existing responsibilities regarding the monitoring of administrative procedures**. This means that key data on duration of procedures, their quality and outcome are not collected or analysed and potential challenges are not addressed. The public perception of the lawfulness of administrative procedures is low.

The integrity system, including legislation, institutions, policies, and practices, is still underdeveloped in Bosnia and Herzegovina (BiH). **Despite some positive elements, such as improved legislation on conflicts of interest in the Institutions of BiH, there are important legislative gaps**, particularly regarding detailed integrity rules for civil servants, declaration of interests and assets, and lobbying activities.

The BiH Strategy for the Fight Against Corruption 2024-2028 and its Action Plan for the same period were adopted by the CoM in June 2024, after several years without a strategy in place. The share of citizens declaring having experienced corruption in the public sector is among the highest in the region, and **only 21% of citizens responding to the SIGMA Survey of Citizens find it easy to report corruption.**²⁰²

Overall, the existing legal framework, institutional set-up and related strategies and guidance are moderately in line with the Principles of Public Administration for in this area. Implementation practice and results include further gaps and inconsistencies, hindering the development of an effective accountability and oversight system in public administration. (Figure 33)

²⁰² SIGMA Survey of Citizens on public administration in the Western Balkans 2024, conducted in March-April 2024.

Figure 33. State of play in organisation, accountability and oversight by type of criterion



Notes: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

Recommendations

1. The Council of Ministers of Bosnia and Herzegovina, as well as the Governments of the FBiH, the RS and the BD should develop proposals for revision of the legislative framework for the organisation of public administration, ensuring comprehensive and consistent accountability and governance rules for all bodies performing administrative functions, limiting the number of executive bodies formally reporting to the parliament and strengthening the powers of portfolio ministries in steering and supervising subordinated bodies. This measure should be combined with the restructuring of public agencies.
2. The Council of Ministers of Bosnia and Herzegovina, as well as the Governments of the FBiH, the RS and the BD should develop legislative changes fostering managerial accountability in ministries by strengthening the role of the top civil servants in ministry operational management and enabling the delegation of some decision-making powers to lower levels of management.
3. The Governments of RS and the FBiH should complement the external supervision system with interministerial (and inter-cantonal) mechanisms to collect, systematise and disseminate relevant information and provide guidelines for efficient and proportionate supervision.
4. In the RS, the Ministry of Public Administration and Local Self-Government should enforce the obligations for prior consultation when draft laws, public policies or other measures directly concern local self-government.
5. In the FBiH, the federal Government should improve the exchange of information between the federation and the cantons and organise an institution for consultation at the federal level, with local governments and cantons on all matters directly affecting local governance.
6. In the FBiH, the federal Government should, in collaboration with the cantons, develop a federal strategy for local government that includes comprehensive actions to create an integrated supervision system, promote inter-municipal co-operation, and improve the financial situation of local governments.
7. The Council of Ministers of Bosnia and Herzegovina, as well as the Governments of the FBiH, the RS and the BD should bring the legislation on access to information in line with the international standards, especially the Tromsø Convention. This should include adopting new laws on access to information in the BD, the FBiH and the Republika Srpska (RS) and a critical analysis of the new law adopted at the level of the institutions of BiH, followed by a potential revision, especially regarding monitoring and enforcement of the right to information.
8. Parliaments across all levels should establish mechanisms for enhancing the implementation of the recommendations of the independent oversight institutions (the OI and the SAIs), including regular analysis of the status of recommendations, statements urging governments to act upon

recommendations of particular importance, and a mechanism for the government to report on the situation in this field.

9. The authorities, led by the ministries responsible for justice and administration at Entity and State levels should start monitoring the functioning of administrative procedures, as stipulated in the general laws on administrative procedure, in order to identify challenges and their causes and implement measures to overcome them.
10. The Council of Ministers of Bosnia and Herzegovina, as well as the Governments of the FBiH, the RS and the BD should prepare proposals to improve legislation regarding conflict of interest and asset declarations of public servants and ensure implementation by allocating clear responsibilities in this area.
11. The Council of Ministers of Bosnia and Herzegovina, as well as the Governments of the FBiH, the RS and the BD should propose legislation on lobbying activities.

Analysis

Principle 13: The organisation and management of public administration foster accountability, effectiveness, and efficiency.

Well-defined shortcomings and deficits in the organisational set-up for public administration across all government levels remain unaddressed, and no progress has been made, especially in the field of enhancing results-oriented supervision of public agencies and promoting managerial accountability through delegation of decision-making powers in the ministries.

Indicator 13. The organisation and management of public administration foster accountability, effectiveness and efficiency		2024 indicator value				30/100
		State level	FBiH	RS	BiH	
Sub-indicators		Points				
1.	Clarity and coherence of official typology of central government bodies	2/10 ⁱ	2/10 ⁱ	1.5/10 ⁱ	1.8/10 ⁱ	
2.	Effective mechanisms for keeping the organisation of public administration rational	1/10 ⁱ	1/10 ⁱ	1/10	1/10 ⁱ	
3.	Strength of basic accountability mechanisms between ministries and subordinated bodies	4.5/8	5.5/8	7/8	5.7/8	
4.	Strength of the accountability framework for promoting performance	6.4/15	3.8/15	4.4/15	4.9/15	
5.	Number of public bodies subordinated to the parliament	4/8	0/8 ⁱ	0/8	1.3/8	
6.	Autonomy of regulatory bodies according to the legislation	7.5/10	8/10	7/10	7.5/10	
7.	Effective internal organisation	3/5 ⁱⁱ	3/5 ⁱⁱ	2/5 ⁱⁱ	3.7/6	
8.	Effective performance of public administration	0.6/6	1.1/6	1.3/6	1/6	
9.	Delegation of decision-making authority within ministries	2.4/14 ⁱⁱ	0/14 ⁱⁱ	0/14 ⁱⁱ	1.5/15	
10.	Horizontal co-ordination in PAR areas	0.9/4	0.5/4	0.7/4	0.7/4	
11.	Use of Total Quality Management (TQM) tools	0.1/4	0.3/4	1.1/4	0.5/4	
12.	Level of focus on reducing the environmental footprint of public administration bodies	0/4	0/4 ⁱ	0/4 ⁱ	0/4 ⁱ	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise.

(i) = data not available or not provided. (ii) = data not applicable.

The stalemate on the necessary reform of the legislative and institutional set-up for the organisation of public administration continues across all levels. SIGMA's recommendation to introduce clear typologies of administrative bodies based on their functions and required level of autonomy has not been addressed. The existing typologies lack clarity about the functional criteria for the allocation of administrative bodies and are not accompanied by comprehensive and consistently applied governance and accountability frameworks. It is also common practice to exclude various bodies from the general legal regime for public administration instead of providing them with the necessary degree of functional autonomy. Special status is sometimes combined with formal accountability to the legislature instead of the executive. This is the case particularly for regulatory bodies. While their functional autonomy should be guaranteed, it does not imply undermining the governments' capacities for policy leadership and allocating oversight roles to the parliaments that do not have the expertise to perform this function.

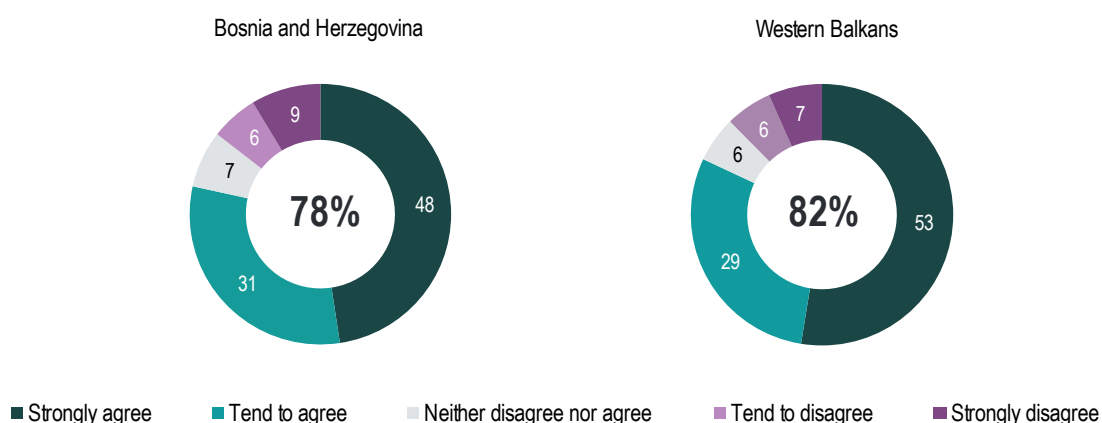
Some attempts at revising the framework legislation on public administration continued in the BD. The process of development of the new law on public administration for the BD began with SIGMA support in 2019, but so far it has not produced any tangible results. This casts doubt on the commitment of the BD authorities towards modernisation of the legislative framework for District administration. At the State level and in the FBiH and the RS, no formal process for revising the core acts has even been launched. There are no policies for organisational development at any level, and the policy ownership of the reform agenda is in question.

As a result of this impasse, the long-standing problems and challenges in the organisational sphere persist. The main issue is the “archipelago-like” model of bodies formally operating under ministries. Various types of public agencies operate without steering, supervision and performance monitoring from the ministries. The role of the ministries is confined to transmitting planning and reporting documents of the agencies towards formal approval at the government level. There is no evidence of a more active role of the portfolio ministries in shaping the strategic direction or determining the operational priorities for the agencies. Even in the budgeting process for subordinated bodies at the State level and in the FBiH, no clear leadership and guidance of the parent ministries is envisaged.

Ministries across all levels also lack the ability to provide the subordinated bodies with feedback on their performance. The responsibilities for strategic and operational oversight of the subordinated bodies are not clearly allocated within the ministerial structures. Formally speaking, these functions, along with all other managerial responsibilities, should be performed directly by the ministers, which leads to fictitious supervision.

This problem has not been resolved with the new legislative framework for government planning adopted at the State level (2022) and in the RS (2021). Both acts petrify the model according to which the agencies are not even formally obliged to discuss their annual plans with the portfolio ministries. Their plans and annual reports are subject to formal approval at the government level, which demonstrates excessive centralisation and brings little added value, considering the lack of capacities of governments to scrutinise effectively the bodies operating at the sectorial level. Poor performance of the planning and steering culture is confirmed by the perception of clarity of targets by public servants, which is below the regional average (Figure 34).

Figure 34. Perception of clarity of targets among civil servants



Notes: Percentages of valid responses to the question: “To what extent do you agree or disagree with the following statement?” “My department has a clear set of targets that we need to achieve”. The percentage in the middle is the share respondents who answered “strongly agree” or “tend to agree”.

Source: SIGMA Survey of Public Servants on public administration in the Western Balkans 2024.

The organisational landscape of public administration remained largely unchanged, and even at the basic level of setting up a publicly available and comprehensive inventory of public administration bodies, no progress was achieved. Only in the RS have some institutional adjustments been recorded, especially the creation of two new agencies: the Republic Administration for Medicines and the Agency for Information and Communication Technologies. The establishment of the former body was invalidated by the decision of the Constitutional Court of Bosnia and Herzegovina (BiH)²⁰³ as abusing the constitutional division of powers between the State level and the Entities. The latter body was created without strong justification for the need to set up a new institution and without adequate analysis of the alternative institutional options

²⁰³ Decision of the Constitutional Court of BiH of 2 December 2022 No. 17/22, Official Gazette of BiH No. 84/2022.

for the performance of the relevant government functions. Furthermore, this agency was not included under the umbrella of the framework Law on Republican Administration, even if its functions are clearly of an administrative nature. Both cases demonstrate the poor quality of the policy and practice of managing the organisational architecture of public administration.

Across all levels, internal management in the ministries remains affected by the legacy of the centralistic Yugoslav tradition, according to which all decisions within the institution eventually require the minister's signature. This ranges from adopting policy and administrative acts to deciding on matters of minor technical relevance, such as approving regular annual leave requests from all staff or business trips. The added value of the minister's stamp on all decisions is questionable. Ministers cannot verify the correctness and accuracy of minor technical acts of internal management, and their approval appears to be only of formal relevance. No progress was made in managerial accountability and strengthening the position of the senior civil servants in the ministries. While some institutions in the FBiH and RS introduced total quality management tools, the scale of these efforts is too limited to influence the management culture in public administration. On the positive side, there are well-established mechanisms of internal co-ordination of work in the ministries, in the form of regular collegiums gathering political leadership and top civil servants.

Principle 14: Responsibilities are clearly distributed between levels of government, embracing the principle of subsidiarity and local autonomy, and facilitating inter-institutional co-ordination with effective oversight mechanisms.

Especially in the FBiH, local self-government is obliged to cope with a complex multi-level governance system. Data on the implementation practices are very limited in the FBiH and incomplete in RS. Consultation procedures with local self-government are not implemented in practice, and the insufficient development of inter-municipal co-operation institutions, especially across Entity borders, poses challenges for effective delivery of public services. There is also a need to systematise and streamline oversight over local government.

Indicator 14. Multi-level governance		2024 indicator value			
		State level	FBiH	RS	BiH
Sub-indicators		Points			
1.	Legal guarantees for the establishment and functioning of local governments ensuring multi-level governance across the public administration	ii	6/7	7/7	6.5/7
2.	Ensuring political autonomy of local governments and the right to organise their administration and establish local entities	ii	16/16	16/16	16/16
3.	Rules and procedures for the administrative supervision of local government activities and decisions	ii	7/16	8/16	7.5/16
4.	Rules and institutional set-up for resolving conflicts of competences among levels of government	ii	6/6	6/6	6/6
5.	Co-ordination and co-operation are ensured between the local governments and the central government	ii	8/12	11/12	9.5/12
6.	Co-operation between local governments	ii	1/13 ⁱ	4/13 ⁱ	2.5/13 ⁱ
7.	Functions for which local governments assume responsibility	ii	8.5/22 ⁱⁱ	11/22 ⁱⁱ	12.6/30

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise. (i) = data not available or not provided. (ii) = data not applicable. (iii) = data not available or provided and partially not applicable.

BiH signed and ratified the European Charter of Local Self-Government (hereinafter "the Charter") without any reservation on 12 July 2002. It thereby committed to embedding the principle of local self-government into its domestic law to guarantee effective implementation. Due to the state's structure and the competencies of its Entities, local self-government is not specifically recognised at the State level in the BiH Constitution. Both Entities uphold the principle of local self-government in their constitutions and legislation. The system of local self-government has not changed significantly over the past years. According to the local autonomy index (Table 5), which not only considers legal parameters but also the actual situation, the local self-government in BiH is just below the average of the EU.

Table 5. Local Autonomy Index in the two Entities of Bosnia and Herzegovina

	2000	2010	2015	2020
FBiH	19.00	19.00	19.00	19.00
RS	16.75	18.75	18.75	19.75
EU average	22.2	22.5	22.9	22.8

Note: The maximum possible Local Autonomy Index score is 38.

Sources: Ladner, A., et al. (2019), *Patterns of Local Autonomy in Europe*, Palgrave Macmillan, Basingstoke, <https://doi.org/10.1007/978-3-319-95642-8> and <http://local-autonomy.andreasladner.ch/>; Ladner, A., N. Keuffer, and A. Bastianen (2022), Self-rule Index for local authorities in the EU, Council of Europe and OECD countries, 1990-2020., Publications Office of the European Union, Luxembourg, https://ec.europa.eu/regional_policy/sources/policy/analysis/KN-07-22-144-EN-N.pdf.

In the FBiH, the Constitution declares that “Local self-government is realised in the municipality” (Article 2.1), and the regulatory competence for local self-government affairs is divided between the Entity and the cantons. According to the federal legislation,²⁰⁴ the local government unit (LGU) has the right to deal with all issues of local importance that are not excluded from its competence or assigned to the competence of another authority by law. Subsidiarity is formally introduced²⁰⁵ regarding tasks of federal and cantonal authorities entrusted to LGUs. In practice, however, cantons often absorb the competencies of LGUs, usually for utility services (water supply, sewage, heating), although operation at the cantonal level is rarely more efficient.²⁰⁶ LGUs have a substantial role in zoning and building permits, spatial planning and town development.

In the RS, LGUs have the right to deal with all issues of local importance that are not excluded from their competence. Subsidiarity is formally stipulated in the law,²⁰⁷ and it has been guiding the legislative practice for some years.²⁰⁸ LGUs have a significant role in social housing, building permits and zoning, spatial planning and town development, primary health care and preschool education.

In both Entities, municipalities display significant differences in size and capacity. Bosnia and Herzegovina has a considerable number of small local governments, including a few cases of municipalities with less than a population of 1 000, while examples of municipalities with less than 5 000 inhabitants are quite numerous.²⁰⁹ In the FBiH, the federal law includes provisions for inter-municipal co-operation (IMC),²¹⁰ but policy to guide, support, and provide incentives to IMC does not exist at the federal level, which does not even have data on IMC initiatives. Federal legislation on IMC is not in all cases taken on and specified by the cantons, which oversee local self-government.²¹¹

In the RS, the law includes extensive provisions for inter-municipal co-operation²¹² and a basis for supporting relevant initiatives. However, the lack of information, knowledge sharing, and central co-ordination has led to only infrequent cases of practical applications of IMC. The existing IMC initiatives

²⁰⁴ Law on Principles of Local Self-Government (LPLSG), Official Gazette of the FBiH Nos. 49/2006 and 51/2009.

²⁰⁵ LPLSG, Article 10.

²⁰⁶ Congress of Local and Regional Authorities of the Council of Europe (CLRAE), Local and Regional Democracy in BiH, Strasbourg 2019, p. 17, No. 74.

²⁰⁷ Law on Local Self-Government (LLSG), Article 35.3, Official Gazette of the RS Nos. 97/2016, 36/2019 and 61/2021.

²⁰⁸ CLRAE, p. 17, No. 74.

²⁰⁹ Kurian, M., P. Swianiewicz and F. Teles (2024), “Inter-municipal co-operation in the Western Balkans”, *SIGMA Papers*, No. 70, p. 49, table 3. OECD Publishing, Paris: <https://doi.org/10.1787/a78a01e6-en>.

²¹⁰ LPLSG, Article 50.

²¹¹ Kurian, M., P. Swianiewicz and F. Teles (2024), “Inter-municipal co-operation in the Western Balkans”, *SIGMA Papers*, No. 70, p. 11. OECD Publishing, Paris, <https://doi.org/10.1787/a78a01e6-en>.

²¹² LLSG, Articles 120-149.

currently rely often on external donor funding.²¹³ The relevant Strategy for Local Governments (2023-2029)²¹⁴ includes a sub-strategy for IMC.

In both Entities, the legislation establishes the organisational autonomy of local governments and their right to create businesses and other legal entities. Within the framework of federal and cantonal legislation and guidelines in the FBiH, LGUs have broad discretion for recruitment of staff and conditions of service,²¹⁵ but this is not fully followed in practice.²¹⁶ In the RS, the law entrusts responsibility for hiring professional staff to the municipality, which can also regulate professional conditions in line with legislation. On the other hand, it is also provided that the Government prescribes the principles for the internal organisation and job systematisation.²¹⁷

Legislation in the RS does not require LGUs to establish an internal control framework, which is not mandatory in FBiH either, although the federal law encourages LGUs to strengthen internal mechanisms of supervision²¹⁸ without including specific provisions for an operational internal control framework. In the FBiH, legislation establishes a system of external administrative supervision, based on the areas of responsibility of federal authorities. Similarly, RS legislation stipulates that each responsible ministry supervises the legality of tasks within the municipalities' independent scope, while the corresponding administrative body oversees the expediency of delegated tasks. In both Entities, the law establishes the principle of proportionality, but supervision tasks are allocated according to a sectoral approach, which does ensure co-ordinated implementation, nor a cross-sector circulation of information.

In the RS, government actions to suspend local decisions are limited to cases where acts are deemed unconstitutional or illegal, pose a significant risk to the public interest or cause irreparable damage. If a local authority fails to act on an administrative authority's warning regarding the non-execution of transferred tasks, the administrative authority may directly perform the task at the local authority's expense. However, local governments can appeal state administration decisions.²¹⁹

In the FBiH, the institutional framework for administrative and inspection supervision offers several possibilities, including disciplinary and administrative measures and fines.²²⁰ Additionally, there is a provision for revocation or annulment of decisions within the scope of administrative supervision.²²¹ However, the institutional framework is fragmented, making it challenging to uphold the principles of legality, transparency, economy and proportionality. Interministerial (and inter-cantonal) mechanisms to collect, systematise and disseminate relevant information and elaborate guidelines for efficient and proportionate supervision.

Co-operation between the administration of the Federation and LGUs can be realised in the Fiscal Co-ordination Body, composed of the Federal Ministry of Finance and the ministries of finance from the ten cantons, including also a representative from the Association of Municipalities and Cities. According to Article 54 of the LPLSG, "in exercising the entrusted powers, LGUs apply all the instructions and guidelines

²¹³ *Ibid.*

²¹⁴ Strategy for the Development of Local Self-Government in the RS 2023-2029.

²¹⁵ FBiH Law on Civil Service, Official Gazette of the FBiH Nos. 29/03, 23/04, 39/04, 54/04, 67/05, 8/06 and 4/12, 99/15, 9/17); FBiH Law on Salaries and Remuneration in Government Bodies, Official Gazette of the FBiH Nos. 45/10, 111/12 and 20/17, 22/19, which ordered municipalities and cities in FBiH to determine pay grades and salary coefficients, respecting the principles from Article 3 of the LSRGB.

²¹⁶ CLRAE Monitoring Report, *op.cit.*, p. 21, No. 97.

²¹⁷ LLSG, Article 64 paragraph 3.

²¹⁸ LPLSG, Article 48.

²¹⁹ LLSG, Articles 98, 157 and 158.

²²⁰ LPLSG, Articles 15, 19-21 and 47.

²²¹ Law on Administrative Procedure, Articles 252-253, Official Gazette of Bosnia and Herzegovina, Nos. 29/02, 12/04).

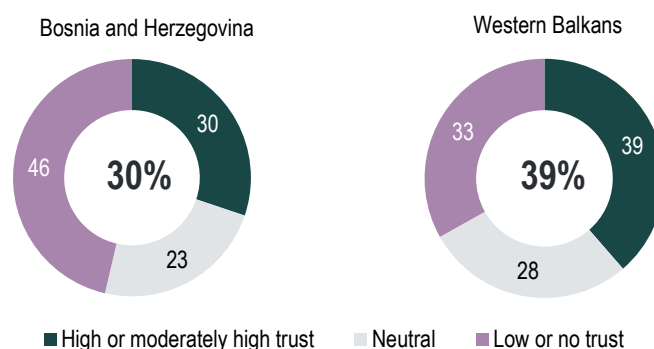
they receive from the federal and cantonal authorities." In practice, however, federal authorities have limited possibilities to guide local governments. Apart from the fact that cantons have more responsibilities for LGUs, this is also due to the lack of a federal ministry or other federal organisation focusing on relations between the Federation and the LGUs. Legal provisions for the consultation of local authorities by the Government and the Parliament²²² do not fill this gap, since consultation is not systematic nor does it even happen in reality, according to relevant court decisions and international reports.²²³

Co-operation between the administration of the RS and local self-governments is facilitated by requirements for prior consultation with local governments and the Union of Municipalities and Cities when legislation and other measures affecting their interests, and especially their financial situation, are being prepared.²²⁴ The SIGMA analysis under Principle 5 shows however that consultation practices are applied selectively. Also, past reports suggest that official, formal channels for consultation are not systematically used in practice.²²⁵

In both Entities, legislation ensures the political autonomy of municipalities and cities through the direct election of their assemblies and their mayors.²²⁶ Several instruments of direct citizen participation (citizens' assemblies, initiatives, referenda etc.) are provided in law. In the FBiH, the assembly can also establish sub-municipal local communities. In the RS, citizens can initiate the establishment of sub-municipal local communities, with decisions eventually made by the assembly. There are 1 058 local communities formally established in the RS, where they do not have legal status, while in the FBiH communities are legally defined by local governments.

The level of trust in local governments in BiH is below the regional average. In BiH, 30% of surveyed citizens tend to express some trust in local governments (Figure 35). The share of those who trust local government completely is only 4%. In the Western Balkans, the average trust in local government is 39%.

Figure 35. Citizen trust in local governments



Note: Percentage of valid responses to the question: "How much trust do you have in the local government? Using a 5-point scale where 1 means you don't trust it at all and 5 means you completely trust it". 1-2 = Low or no trust, 3 = Neutral, 4-5 = High or moderately high trust. The percentage in the middle is the share of the respondents who answered "high or moderately high trust".

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024, conducted in March-April 2024.

²²² See for instance Articles 53 and 56 of the LPLSG.

²²³ See CLRAE Monitoring Report, *op.cit.*, p. 18, No. 79 with relevant case law and documentation.

²²⁴ LLSG, Articles 73.2, paragraphs 150.4 and 151.1.

²²⁵ CLRAE Monitoring Report, *op.cit.* p. 18, No. 80. Complaints about the lack of consultation have also been expressed by representatives of local governments during the SIGMA interviews in Sarajevo in April 2024.

²²⁶ In the RS: LLSG, Articles 40 and 58.1. In the FBiH: FBiH Constitution, Article 3 and LPLSG, Article 12. Mayors in Sarajevo and Mostar are elected by the councils, whereas in other municipalities they are directly elected by the voters.

At the same time, many citizens think that the central government excessively limits the autonomy of local governments. In BiH, this opinion was expressed by 51% of surveyed citizens (the highest percentage among all countries of the Western Balkans), while the opposite opinion was expressed by 15% of respondents that provided an opinion.²²⁷ In BiH, the notion of “central government” refers to the government of the respective Entity.

For further development of multi-level government, only the RS has a formal planning document in place. The Strategy for Local Self-government was adopted in February 2023 following a process where the Association of Municipalities and Cities and individual municipalities participated. The FBiH does not have a dedicated strategic plan for the development of multi-level governance.

Principle 15: Public administration is transparent and open.

Legislative and institutional shortcomings in enhancing the transparency of public institutions have not been eliminated. The new Law on Freedom of Access to Information adopted at the State level suffers especially from a flawed formulation of the legitimate restrictions to access to information, paving the way for excessive and arbitrary limitations of the right to information.

Indicator 15. The public administration is transparent and open		2024 indicator value				34/100
		State level	FBiH	RS	BiH	
Sub-indicators		Points				
1.	Strategic and institutional set-up for transparency	3/10	3/10	3/10	3/10	
2.	Individuals and legal persons who have the legal right to access public information	6/6	6/6	6/6	6/6	
3.	Definition of public information	3/6	4/6	4/6	3.7/6	
4.	Easiness of requesting access to public information	1/15 ⁱ	2/15 ⁱ	2/15 ⁱ	1.7/15 ⁱ	
5.	Effective remedies for denial to access public information	4/15 ⁱ	4/15 ⁱ	1/15 ⁱ	3/15 ⁱ	
6.	Effective supervisory authority of the right to access public information	1/9	0/9	0/9	0.3/9	
7.	Legislation about preservation and management of documents and data keeping	6/10	6/10	7/10	6.3/10	
8.	Open Data Portal and re-use of public information	2/15	3/15	3/15	2.7/15	
9.	Proactivity in disclosure of information and data by state administration bodies	6.5/10	6.2/10	4.6/10	5.8/10	
10.	Perceived government transparency of public information by the population and businesses	ii	ii	ii	1.9/4	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise.

(i) = data not available or not provided. (ii) = data not applicable.

It is welcomed that at the State level, efforts were undertaken to implement SIGMA’s recommendation for revising the legislative framework for access to public information. However, the outcome of this process – the new Law on Freedom of Access to Information at the Level of Institutions of BiH²²⁸ (LFAI)– fails to meet the required quality standard. On a positive note, the definition of public information (and reuse of

²²⁷ SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

²²⁸ Law on Freedom of Access to Information at the Level of Institutions of BiH of 30 August 2023, Official Gazette of BiH No. 61/23.

information) is sufficiently broad, and the right of access to information (and reuse of information) is granted to anyone without discrimination. The deadline for processing public information requests is relatively short (30 days in total).

However, some major gaps and shortcomings must be flagged. First, the concept of legitimate restrictions in access to information and rules for their application creates a risk of excessive and arbitrary limitations of citizens' right to information. While the basic catalogue of grounds justifying refusal of access to information remains compatible with the Tromsø Convention, the LFAI also contains a controversial clause of abuse of the right to information. It enables the authorities to restrict access also "to one or more interrelated applicants, who through one or more functionally related requests, clearly abuse the right to access information, especially when due to frequent requests for delivery of the same similar information or requests that require a large amount of information, the work and regular functioning of institutions is burdened". This formula provides the information provider with extensive discretionary power to assess the intentions of the applicants and determine their rights mainly based on the technical considerations relating to the capacities of public administration bodies.

Although it is clear (also from regional practice) that the right of access to information might be sought by some applicants with abusive intentions, there are other, less invasive methods for mitigating this problem. This includes, for example, publishing requested information online instead of producing a large number of copies, releasing information for inspection at the premises of the administrative bodies, extending the deadline for processing requests of larger volume or collecting fees covering justified costs of the reproduction of documents. These measures offer a more proportional response to the potential risk of ill-motivated requests.

Further, the crucial procedural aspect of applying legitimate restrictions in access to information (i.e. the proportionality or public interest test), has been poorly regulated. According to the LFAI, the institution of BiH may publish the requested information, regardless of the established exception prescribed by this law, if it is justified by the public interest and may consider any benefit and any damage that may result from it. When deciding whether the publication of information is justified by the public interest, the institution of BiH considers circumstances such as, but not limited to: "any non-compliance with legal obligations, the existence of any offense, judicial errors, abuse of power or negligence in the performance of an official function, unauthorised use of public funds, or danger to the health or safety of an individual, the public or the environment."

While this provision aims to regulate the public interest test, its formulation does not give information providers clear guidance on how to conduct it. First, under the provision quoted above, the institution may share information, but it is not explicitly obliged to do so in cases of overriding public interest. Second, it is not clearly stipulated what the public interest promoting disclosure should be confronted with. Finally, it is unclear whether the circumstances to be analysed should be considered in favour of disclosing or restricting access to information. Considering these shortcomings, it is questionable whether the public interest test will be consistently applied by the information providers.

Another problem is the concept of the internal administrative appeal against violations of the right to information. The role of the appeal body was assigned to the Appeals Council affiliated with the Council of Ministers (CoM) of BiH. This body decides on appeals against first-instance administrative decisions of all State-level bodies in all administrative matters. Bearing in mind that it cannot be considered an independent body and does not have special expertise in access to public information, the added value of this model instead of the right to launch immediate judicial review is disputable.

At the level of the Entities, the discussion on the necessary revision of the legislative framework for transparency has not come to any outcome. The problems flagged during the previous assessments persist. Moreover, abolishing the old State-level law resulted in a legislative gap in the BD. The BD did not have its own regulation on access to information, but applied the State-level legislation. However, the new State-level LFAI, in contrast to the previous one, has a scope of application explicitly limited to the institutions of BiH. Thus, there is no longer ground for the application of this law in the BD.

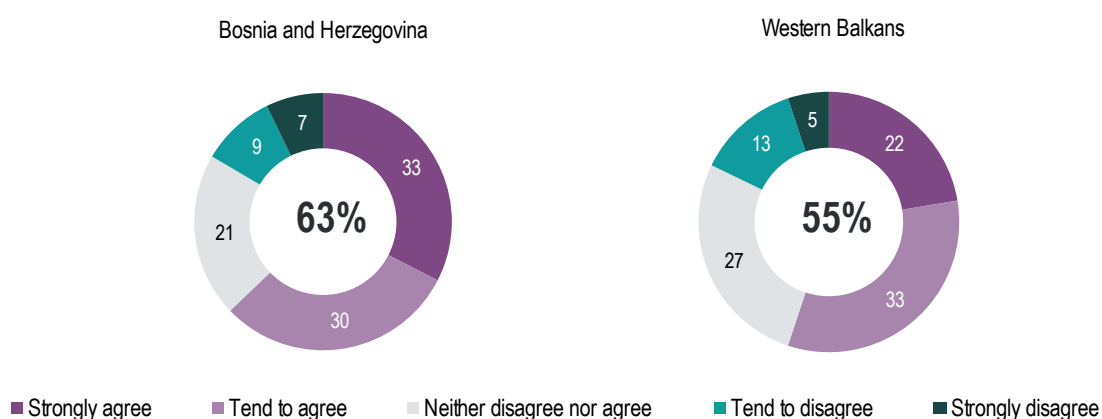
Poor quality of the legislative framework across all levels is not mitigated by an effective monitoring and enforcement regime. Data on administrative and judicial practices in handling public information requests are not collected centrally. While the OI attempts to aggregate some basic statistics, it has no legal instruments to ensure that information providers report to it with relevant data. Inspections are conducted occasionally only at the State level by the Administrative Inspection operating under the Ministry of Justice.

However, their staff (9 people in 2023) and scope are limited. According to the State-level LFAI, sanctions can be imposed only in cases of selected violations of the right to information. For example, there are no sanctions envisaged in cases of administrative silence or even manifestly unfounded refusal of access to information.

Institutional weakness manifests not only in the sphere of enforcing the right to information, but also regarding softer measures promoting greater transparency of public institutions. No institutions are responsible for this task at any level. The PAR Strategy 2018-2022 (extended until 2027) envisages several activities aiming to enhance access to public information, but the vast majority of them have not been implemented.

Systemic flaws at the legislative and institutional levels contribute to the problems in practice. A majority of citizens claim that it is a regular practice of government bodies to intentionally withhold information of public interest. Perception of this willingness of public administration to be transparent is the poorest in the region (Figure 36). SIGMA's review of the websites of public institutions demonstrated limited availability of even basic organisational information, including planning and reporting documents or budgets. Considering the existence of clear rules for managing and preserving documents in public bodies, the publication of key documents should not pose a challenge. Furthermore, only some of the key datasets of major public interest are available to the public online. There is no access to consolidated versions of legislation, land registries or information about the salaries of top public officials. Results from the SIGMA Survey of Citizens on public administration show that 63% of respondents in Bosnia and Herzegovina agree that the Government sometimes intentionally withholds important information from the public, a larger percentage than the regional average.

Figure 36. Citizen perception about the government withholding information



Notes: Percentages of valid responses to the question: "To what extent do you agree or disagree with the following statement?" "The government sometimes intentionally withholds important information from the public that it could safely release". The percentage in the middle is the share respondents who answered "strongly agree" or "tend to agree".

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

Principle 16: The parliament, ombudsperson and supreme audit institution effectively scrutinise public administration.

Formal guarantees of independence of the OI have been strengthened, and the rate of implementation of its recommendations has increased. However, the overall perception of the effectiveness of oversight institutions (OI, SAIs, parliaments) remains low.

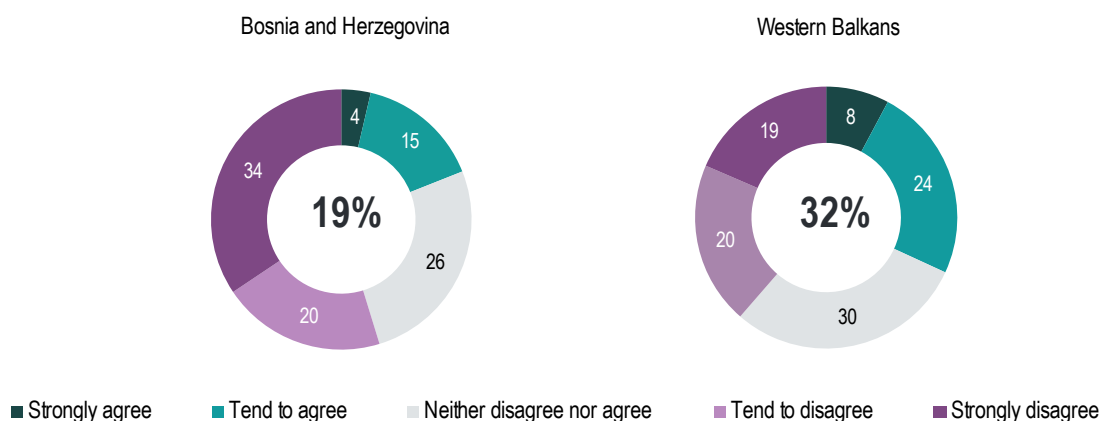
Indicator 16. Effectiveness of scrutiny of public authorities by independent oversight institutions		2024 indicator value				58/100
		State level	FBiH	RS	BiH	
Sub-indicators		Points				
1.	Parliamentary oversight of the government	4/6.5 ⁱⁱ	3/6.5 ⁱⁱ	3.5/6.5 ⁱⁱ	3.8/9	
2.	Parliamentary support to the ombudsperson and the supreme audit institution (SAI)	4/6 ⁱⁱ	0/6 ⁱⁱ	6/6 ⁱⁱ	5.3/12	
3.	Independence of the ombudsperson, capacities, and public trust	ii	ii	ii	7.3/13	
4.	Requirements for the person appointed to the ombudsperson position	ii	ii	ii	2/6	
5.	Mandate and powers of the ombudsperson	ii	ii	ii	7/8	
6.	Implementation of ombudsperson recommendations	ii	ii	ii	7/13	
7.	Independence of the state audit institution (SAI)	7/9 ⁱⁱ	7/9 ⁱⁱ	7/9 ⁱⁱ	9/12	
8.	Capacities of the supreme audit institution (SAI) and public trust	3/3 ⁱⁱ	1/3 ⁱⁱ	3/3 ⁱⁱ	4.4/9	
9.	Mandate and powers of the supreme audit institution (SAI)	5.8/7	6.6/7	7/7	6.5/7	
10.	Implementation of supreme audit institution (SAI) recommendations	2/11	6.2/11	8.7/11	5.6/11	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise.
(ii) = data not applicable.

The overall perception among citizens of the effectiveness of oversight of the public administration is well below the regional average (Figure 37). Less than 20% of the respondents surveyed by SIGMA consider legislatures to be effectively scrutinising the government. Regarding the Ombudsperson, about two-thirds of surveyed citizens in BiH declared that they were familiar with the OI and the work it does. Of those, only 32% agreed that the OI is able to scrutinise the Government and hold it accountable, and only 39% agreed that the Ombudsperson is independent of political influence. All of these indicators are below the regional average. (Figure 38)

Trust in the OI is 38% in BiH, a similar percentage to the regional average. However, trust in the Parliament and Supreme Audit Institution in BiH are much lower than the regional average. Indeed, trust in the Parliament is only 19% in BiH (less than 1 in every 5 respondents), while it is 25% for the Western Balkan average. Trust in the Supreme Audit Institution is 22% in BiH, while it is 31% for the regional average.

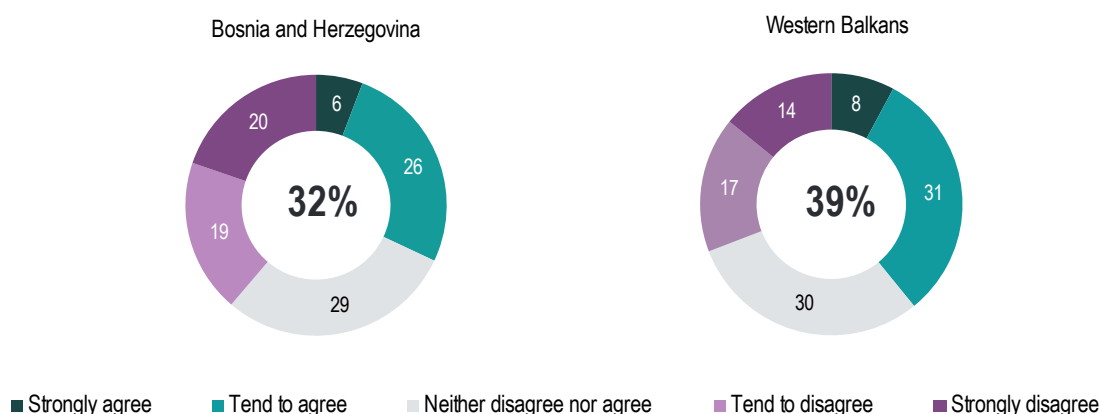
Figure 37. Citizen perception about the ability of the Parliament to hold the government accountable



Notes: Percentage of valid responses to the question: "To what extent do you agree or disagree with the following statement?" "The Parliament effectively scrutinise the government and make it accountable to citizens." The percentage in the middle is the share of the respondents who answered "strongly agree" or "tend to agree".

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

Figure 38. Citizen perception of the ability of the Ombudsperson to hold the government accountable



Notes: Percentages of valid responses to the question: "To what extent do you agree or disagree with the following statement?" "The Ombudsperson effectively scrutinizes the government and make it accountable to citizens". The percentage in the middle is the share respondents who answered "strongly agree" or "tend to agree".

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

The long-standing problem of excessive restriction of the financial autonomy of the OI was eventually solved with the amendments to the Law on Ombudsman Institution adopted in August 2023.²²⁹ Under previous legislation, the OI was required to submit its budgetary proposal to the MoF, which could modify this proposal without any restrictions, prior to submission of the draft budget law to the Parliament. Currently, the relevant parliamentary committees are already involved in the process of drafting the OI's

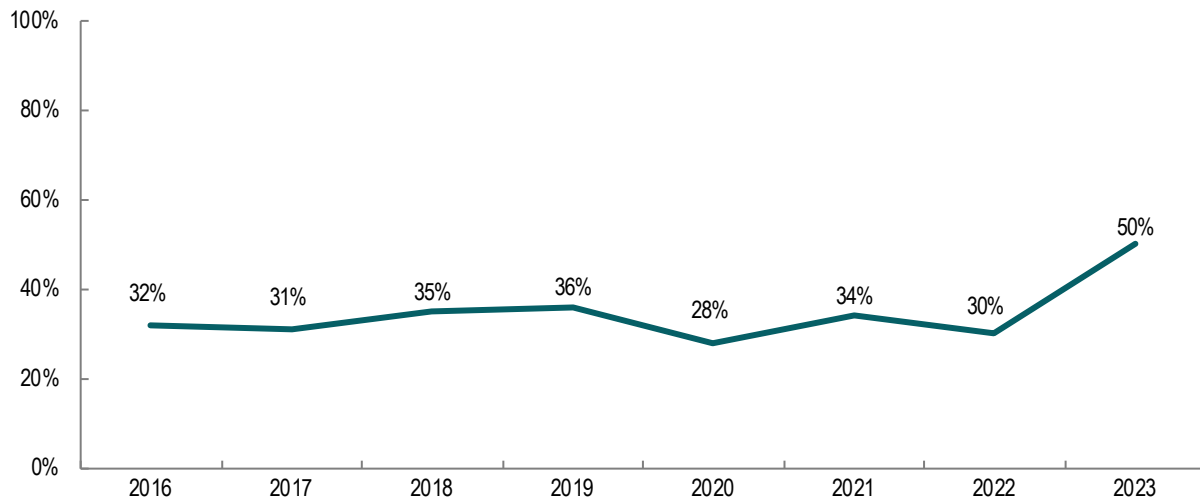
²²⁹ Law on Amendments of the Law on Ombudsman Institution, Official Gazette of BiH No. 61/2023. According to the Law on the Ombudsman Institution, the OI supervises the activities of the Institutions of Bosnia and Herzegovina, the FBiH, the RS, and the Brčko District of BiH within its sphere of competence.

budget at the earlier stage (before adoption by the CoM) and, in principle, the proposed budget cannot be reduced by the MoF without their consent.

The BiH's Ombudsman Institution enjoys extensive powers and a mandate that was further expanded with the above-mentioned revision of the law by assigning it with responsibilities of the National Preventive Mechanism (NPM) under the Optional Protocol to the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment. The NPM mandate will primarily include visits to detention facilities and providing recommendations on improving the treatment of the persons deprived of liberty. Unfortunately, the more important problem of the OI's lack of mandate to launch a constitutional review of the legislation before the Constitutional Court remains unaddressed.

The year 2023 brought a significant increase in the implementation rate of the OI's recommendations. It rose from 30% in 2022 to 50% of all recommendations in 2023, despite the increased number of recommendations issued (Figure 39). What remains a concern is the high rate of institutions that fail to reply to the OI's recommendations (nearly 20% in 2023).

Figure 39. Implementation of the Ombudsman Institution's recommendations



Source: Data provided by the BiH Ombudsman Institution.

The low implementation rate of the SAIs' recommendations is a reason for greater concern. Only in the RS did the share of fully implemented recommendations exceed 50%, while in the FBiH, at the State level and in the BD, only approximately 33% of the recommendations are reported as fully implemented.

Active support from the respective legislatures would clearly enhance the effectiveness of the OI and SAIs in overseeing the executive. However, in the case of the OI, support is provided only at the basic level, providing this institution with the opportunity to present its annual report at the plenary sessions of the parliaments across all levels. For the SAIs, even this basic standard is not met in the FBiH and the RS. No additional efforts, especially statements urging the governments to implement specific recommendations, were recorded.

Principle 17: The right to good administration is upheld through administrative procedure, judicial review and public liability.

The framework laws regulating administrative procedures are relatively well harmonised across the levels. However, no mechanism for monitoring the functioning of administrative decision making has been established, and citizens' perception of the public administration's lawfulness and impartiality in administrative procedure is predominantly negative.

Indicator 17.1. Due process and good administrative behaviour when conducting administrative procedures and applying public authority		2024 indicator value			
		State level	FBiH	RS	BiH
Sub-indicators		Points			
1.	Due process in the legal framework regulating administrative procedures	ii	16/20 ⁱⁱ	18/20 ⁱⁱ	22.3/30
2.	Timeliness of administrative procedures	0.9/11 ⁱⁱⁱ	1.8/17 ⁱⁱⁱ	2.9/17 ⁱⁱⁱ	3.4/20 ⁱ
3.	Public perception of the lawfulness and impartiality of administrative procedures	ii	ii	ii	1.2/6
4.	Business perception of the consistency and impartiality of conducting administrative procedures	ii	ii	ii	2.5/6
5.	Functioning of administrative appeal	ii	0/10 ⁱ	0/10 ⁱ	0/10 ⁱ
6.	Monitoring the effectiveness of administrative procedures	2/2 ⁱⁱ	2/18	4.5/18	3.3/18
7.	Legal framework and application of the public liability regime	4/10	4/10	4/10	4/10

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise. (i) = data not available or not provided. (ii) = data not applicable.

The general legal framework for administrative procedures is relatively well harmonised across all levels, despite the existence of separate laws on general administrative procedure at each level.²³⁰ These laws enshrine the basic principles of good administrative behaviour, including the right of the parties to access the files of the procedure, the right to be heard prior to the final decision and the right to challenge not only administrative acts but also administrative silence. In August 2022, amendments were adopted to the FBiH Law on General Administrative Procedure²³¹ that further enabled the use of electronic communication with the parties of the administrative proceedings that is now allowed across all levels.

Data on the actual functioning of administrative procedures and the application of the general principles of good governance in specific administrative procedures are limited. The basic responsibility for monitoring the functioning of administrative procedures is established at all levels, with the ministries responsible for justice or administrative affairs tasked with the central co-ordinating role. Nevertheless, basic data about the number of applications, number of decisions, the duration of procedures and the functioning of appeal procedures are rarely available.

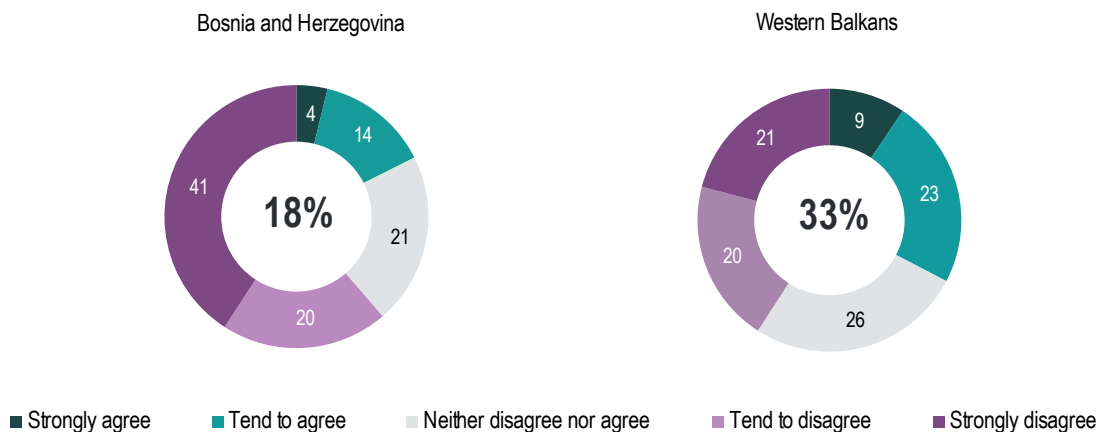
It is not clear to what extent the general laws on the administrative procedure are consistently applied in individual procedures, considering the lack of data on the harmonisation of special laws with the respective

²³⁰ At the State level: Official Gazette of BiH Nos. 29/2002, 12/2004, 88/2007, 93/2009, 41/2013 and 53/2016. In the FBiH: Official Gazette of the FBiH Nos. 2/1998, 48/1999 and 61/2022. In the RS: RS Official Gazette of the RS Nos. 13/2002, 87/2007, 50/2010 and 66/2018. In the BD: Official Gazette of the BD No. 48/2011, consolidated text 21/2018 and 23/2019.

²³¹ Law on Amendments to the FBiH Law on Administrative Procedure, Official Gazette of the FBiH No. 61/2022.

general law. Consequently, due to a lack of comprehensive data, an assessment of the efficiency of administrative proceedings is not possible. However, public perception of the public administration's lawfulness and impartiality in administrative procedure is predominantly negative (Figure 40). Only about 33% of respondents to the SIGMA Survey of Citizens on public administration 2024 agree that public administration respects the law when handling citizens' requests for administrative services. Less than 20% of respondents believe that public administration applies the law equally to everyone and a majority think that it does not (61%). Businesses' representatives lean towards a slightly more optimistic picture, with around 40% of those surveyed positively assessing impartiality and consistency in administrative decision making.

Figure 40. Citizen perception of the impartiality of authorities conducting administrative procedures



Notes: Percentages of valid responses to the question: "To what extent do you agree or disagree with the following statement?" "The public administration is applying the law to everyone equally". The percentage in the middle is the share respondents who answered "strongly agree" or "tend to agree".

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

No progress was made regarding SIGMA's recommendation to create a mechanism for monitoring administrative and judicial case law in public liability cases. Therefore, despite the basic legal guarantees of compensation for damages caused by administrative actions and omissions being in place, there is no data certifying the effective application of the right to compensation in practice. The scope of the public liability regime remains narrow, covering only liability for unlawful acts, not normative acts or liability for lawful acts or actions.

Effective and fair handling of administrative judicial disputes

Regarding the effective and fair handling of administrative judicial disputes, despite some procedural discrepancies, access to judicial review of administrative acts is ensured at all levels. Judicial performance in handling administrative matters has improved since the last assessment, although major backlogs in the cantonal courts of Sarajevo and Mostar were not fully eliminated, and the law establishing a system for compensation of damages caused by excessive length of judicial proceedings has not yet been adopted at the level of the FBiH.

Indicator 17.2. Effective and fair handling of administrative judicial disputes		2024 indicator value			
		State level	FBiH	RS	BiH
Sub-indicators		Points			
1.	Access to independent administrative justice	10/15	10/15	10/15	10/15
2.	Perceived independence of the judicial system by the population (%)	ii	ii	ii	0.6/10
3.	Perceived trust in the judiciary by the population (%)	ii	ii	ii	2.6/10
4.	Functioning of administrative justice	10/35	8/35	12/35	10/35
5.	Clearance rate in administrative courts (%)	ii	ii	ii	10/10
6.	Calculated disposition time of administrative cases	ii	ii	ii	13.4/20

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise.
(ii) = data not applicable.

Four laws on administrative disputes, which are relatively well harmonised in terms of contents, regulate the judicial stage of administrative procedure in BiH.²³² Basic guarantees for access to justice are in place. It is possible to contest administrative acts, and the standard court fee for initiation of an administrative dispute (equal to 50 EUR, about 5% of the average gross monthly salary in 2023) does not create excessive obstacles to access, and applicants can be exempted from the payment of the fee, based on their material situation. However, it is not possible to contest administrative actions in court, to prohibit the performance of administrative action or to prohibit the issuance of an administrative act. In addition, if the complaint against the public authority is not successful and the authority is represented by the Office of the Attorney General, then the plaintiff is requested to pay the costs borne by the authority. This can create an obstacle to access to justice, especially if the costs of the procedure outweigh the possible financial benefits if the complaint is upheld (e.g. disputes with low monetary value, but of general importance).

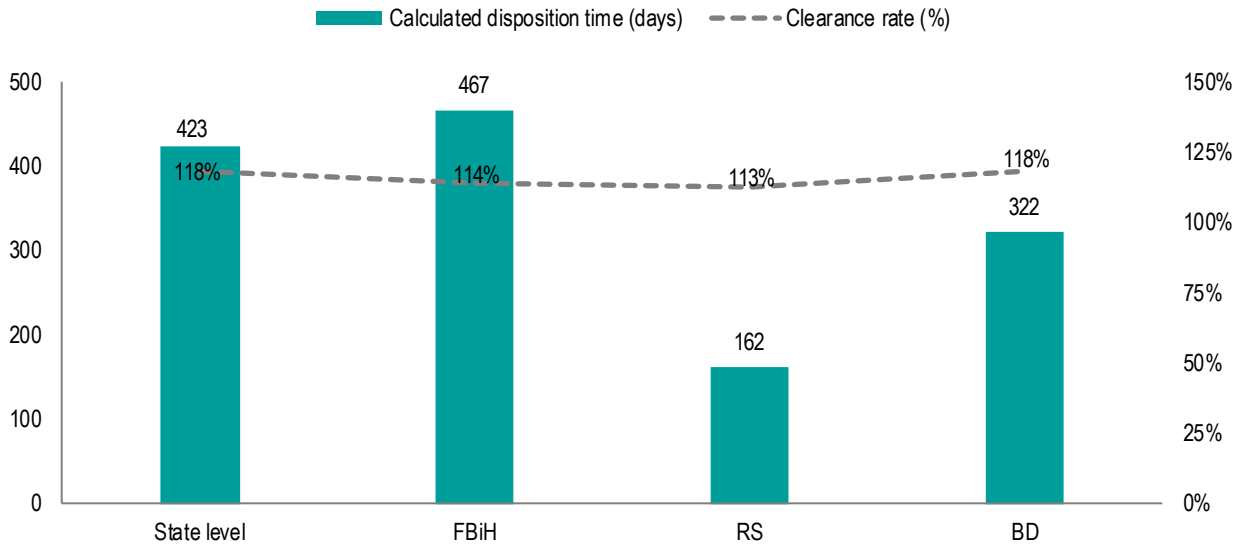
There are also some differences between the rules for handling of administrative disputes which influence the overall efficiency of the procedure. First of all, whereas at the state level and in the BD and the RS, the vast majority of cases are handled without a public hearing, the FBiH legislation requires that the hearing always be held if the party requests it. This leads to a significantly higher share of cases resolved with public hearings. Furthermore, while cases in the FBiH, the BD and the RS are handled by a single judge, the Court of BiH, which handles administrative matters at the State level, operates in panels composed of three judges.

In addition, while the two-instance model of administrative justice is in place across all levels, at the State level and in the FBiH, the first-instance rulings cannot be contested in most cases by the respective administrative authorities. While this rule is not explicitly stipulated in the legislation, it is derived from legal doctrine, according to which administrative authorities may challenge only court decisions made in full jurisdiction because only they are considered to determine their rights. Judgments in full jurisdiction are extremely rare.

Differences are visible not only at the procedural level but also in judicial performance (Figure 41). On aggregate level, BiH courts managed in 2023 to dispose about 14% more administrative disputes than they received, reducing the overall backlog, even if the size of backlogs differs to some extent. The numbers of unresolved cases at the end of the calendar year are the biggest in the cantonal courts of Sarajevo and Mostar. The calculated disposition time (an estimate for the projected duration of the court procedure) is the longest in FBiH and State-level courts handling administrative disputes. Nevertheless, the aggregate disposition time for BiH (341 days) is well below the regional average.

²³² At the State level: Law on Administrative Disputes (LAD), Official Gazette of BiH Nos. 19/02, 88/07, 83/08 and 74/10. In the FBiH: LAD, Official Gazette of the FBiH No. 11/05. In the RS: LAD, Official Gazette of the RS Nos. 109/05 and 63/11. In the BD: LAD, Official Gazette of the BD No. 4/00.

Figure 41. Basic parameters of judicial performance in first-instance courts across all levels, 2023



Source: Data provided by the High Judicial Prosecutorial Council of BiH.

While the duration of procedures is the longest in the FBiH courts, this Entity remains the one without a procedure for seeking compensation in case of the excessive length of the judicial proceedings. After relevant laws adopted in the BD and the RS, the State-level Law on Protection of the Right to a Trial within a Reasonable Time Before the Court of BiH was passed in July 2022.²³³

Citizens' trust in the judiciary and perception of judicial independence remains a systemic challenge. Only 14% of respondents consider the courts independent, and less than 33% of respondents trust in them. Analysing the historic data of the Balkan Barometer, these parameters have not changed over the years, and there is no evidence of any co-ordinated and comprehensive efforts to reverse these negative aspect.

²³³ Law on Protection of the Right to a Trial within a Reasonable Time Before the Court of BiH of 15 July 2022, Official Gazette of BiH, No. 40/2022.

Principle 18: A coherent and comprehensive public sector integrity system minimises the risks of corruption.

The main developments in anti-corruption and public integrity are the recent adoption of legislation on conflicts of interest at the Institutions of BiH and the BiH Strategy for the Fight Against Corruption 2024-2028. Integrity rules and procedures for civil servants remain underdeveloped, a risk-based asset declaration system is not in place, and there is no evidence of actual submission of asset declarations. On the other hand, comprehensive statistics about corruption offences, their investigation, and results are publicly disclosed on the website of the High Judicial and Prosecutorial Council (HJPC).

Indicator 18. Anti-corruption and public integrity		2024 indicator value			
		State level	FBiH	RS	BiH
Sub-indicators		Points			
1.	Strategic framework for public integrity	2/10 ⁱ	1/10 ⁱ	2/10 ⁱ	1.7/10 ⁱ
2.	Comprehensiveness of corruption offences and sanctions	7/10	6/10	7/10	6.7/10
3.	Communication and enforcement of rules and values for ethical conduct of public officials	4/4 ⁱⁱ	3/4 ⁱⁱ	4/4 ⁱⁱ	7.6/8
4.	Protection of whistleblowers and open organisational culture	2.5/7 ⁱⁱ	0/7 ⁱⁱⁱ	3/7 ⁱⁱⁱ	2.2/10 ⁱ
5.	Avoidance and management of conflict-of-interest situations and unjustifiable wealth	5/15	2/15	3/15	3.3/15
6.	Transparency and integrity of lobbying activities	0/10	0/10 ⁱ	0/10	0/10
7.	Effectiveness of integrity risk management and control systems	4.3/10	3.1/10	2.3/10	3.2/10
8.	Fairness and timeliness of handling integrity violations	3/6 ⁱ	4.6/6	3/6 ⁱ	3.5/6 ⁱ
9.	Interagency collaboration and public communication	3/7	5/7	3/7 ⁱ	3.7/7
10.	Experience with bribery in the public sector	ii	ii	ii	5/10
11.	Public trust in the civil service	ii	ii	ii	0.9/4

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise. (i) = data not available or not provided. (ii) = data not applicable. (iii) = data not available or provided and partially not applicable.

The BiH Strategy for the Fight Against Corruption 2024-2028 and its Action Plan for the same period were adopted by the CoM in June 2024, five years after the expiry of the previous Strategy in 2019. The 2024-2028 Strategy covers the whole country and includes strategic objectives, programmes and activities to curb corruption in the public and private sectors. However, the Strategy does not include a thorough situation analysis. Outcome-level objectives are not accompanied by indicators and targets at the same level. Apart from the country-level Strategy, the BD has a specific policy related to the fight against corruption and ensuring integrity in public functions.²³⁴ However, monitoring reports of the BD strategy in the last two years are unavailable.

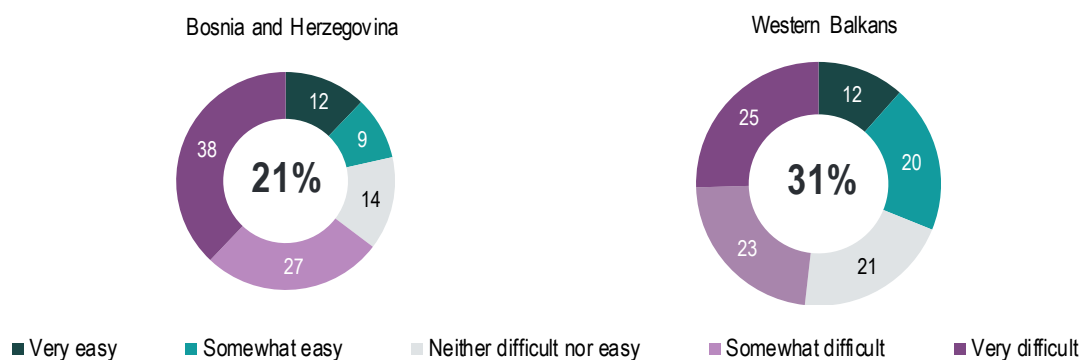
The legislation establishes the corruption offences of fraud, deception and corruption perpetrated by public officials in the Institutions of BiH, the FBiH, the RS and the BD. However, illicit enrichment is not included.²³⁵

²³⁴ Strategy for the Fight Against Corruption 2022-2024.

²³⁵ Criminal Code of the RS, Official Gazette No. 64/2017 with later amendments; Criminal Code of BiH, Official Gazette of RS No. 3/2003 with later amendments; Criminal Code of the FBiH, Official Gazette of the FBiH No. 36/2003 with later amendments; and Criminal Code of the BD, Official Gazette of the BD 19/20, amended in 2024.

The mechanisms to report corruption are ineffective. Regulations on the protection of whistleblowers exist at the level of the Institutions of BiH and in the RS and the BD. No provisions in this regard were identified in the FBiH.²³⁶ Legislation at the State level and in the RS and the BD regulates the reporting channels and the protection of whistleblowers, but detailed regulations on the procedural solutions to whistleblowing are unavailable. The websites of the Anti-Corruption Agency at the State level and the Office for Prevention of Corruption and Coordination of Anti-Corruption Activities in the BD contain some basic information on whistleblowing, including the legislation and the reporting channels. However, they fail to provide more comprehensive, easily understandable information on the conditions to be granted protection and the related procedures. A relevant website was not identified in the RS. Consequently, citizens do not have sufficient information about how to report corruption in BiH, which translates to the lowest results in the region regarding the perception of how easy it is to report corruption (Figure 42).

Figure 42. Citizen perception about the easiness of reporting corruption



Notes: Percentages of valid responses to the question: "What do you think, if you witnessed a case of corruption and you wanted to officially report it, how easy or difficult would this be for you to do?". The percentage in the middle is the share respondents who answered "very easy" or "somewhat easy".

Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

Conflict of interest (Col) is regulated in the laws on conflict of interest more thoroughly and comprehensively than in civil service legislation. However, the laws on Col apply only to political appointees in the FBiH,²³⁷ the RS²³⁸ and the BD.²³⁹ The recently adopted Law on preventing Col in the Institutions of BiH is a positive development.²⁴⁰ Compared to the previous legislation,²⁴¹ the Law enlarged the scope of application of Col provisions, improved the regulation of asset declarations and introduced sanctions for non-submission, among other elements. In addition to political appointees, the new Law applies to top public managers (TPM). However, the provisions on Col in the Civil Service Law (CSL) at the level of the Institutions of BiH still apply to TPM and there are inconsistencies between the two laws. These

²³⁶ Law on the Protection of Whistleblowers, Official Gazette of the RS No. 62/17; Law on Whistleblower Protection in the Institutions of BiH, BiH Official Gazette No. 100/13.

²³⁷ Law on Conflict of Interest in Authorities of the FBiH, Official Gazette of the FBiH, No. 70/08.

²³⁸ Law on Conflict of Interest in the Authorities of the RS, Official Gazette of the RS No. 73/2008 with later amendments

²³⁹ Law on Preventing Conflict of Interest in the Institutions of the BD, Official Gazette of the BD No. 2/10.

²⁴⁰ Law on Preventing conflicts of Interest in the Institutions at the Level of BiH, Official Gazette of BiH No. 18/2024.

²⁴¹ Law on Conflict of Interest in the Government Institutions of BiH, Official Gazette of BiH No. 13/02 with later changes.

inconsistencies relate, among others, to different cooling-off periods,²⁴² different regulations for conflict of interest, incompatibilities, and asset declarations for top managers within the scope of both laws. Implementing the Law on Col in the FBiH is problematic as, in practice, no institution has been clearly designated to decide on Col.

The CSL in the RS does not regulate civil servants' asset declarations.²⁴³ Other CSLs (at the State level, in the FBiH and in the BD²⁴⁴) contain some regulations, but they are scarce and too general. Civil servants at the State level, in the FBiH and in the BD must file the declarations only once when they join the civil service. CSLs do not regulate the procedures for submission of declarations, nor do they regulate the responsibilities and methods of their verification. In addition, CSLs do not differentiate between civil servants in high-risk positions and other positions. The laws on Col oblige political appointees, including the members of government and the members of parliament, to submit asset declarations,²⁴⁵ but secondary legislation regulating procedures in detail is not available. Judges and prosecutors in all four administrations are obliged to submit interest and asset declarations based on the recent amendments to the Law on the HJPC of BiH,²⁴⁶ but their implementation has not started yet. As a result, judges and prosecutors were exempted from presenting declarations for 2023. The sanctions for civil servants for non-submission of asset declarations are not explicitly regulated in civil service laws. They are explicitly regulated for political appointees only at the State institution level.²⁴⁷ There is no evidence about the actual submission of asset declarations.

Limitations of secondary employment and sanctions for non-compliance are regulated for both political appointees and civil servants.²⁴⁸ Post-employment restrictions are regulated except for civil servants in the RS and the BD. However, sanctions for non-compliance are regulated only for political appointees, according to the legislation on conflict of interest. There are no mechanisms to monitor compliance with these restrictions, and legislation does not provide for sanctions for civil servants for non-compliance.

The reception of gifts is regulated in all four administrations, although regulations are more comprehensive and detailed in the laws on Col, which do not apply to civil servants (in the RS, the FBiH and the BD) or apply only to senior civil servants (at the State Level).²⁴⁹ The codes of conduct further regulate the reception of gifts for civil servants at the State level, in the FBiH and in the RS,²⁵⁰ but the provisions are

²⁴² Law on Col State level, Article 13 and CSL State level, Article 16.

²⁴³ Law on Civil Servants, Official Gazette of the RS No. 118/2008 with amendments (later referred to as CSL RS).

²⁴⁴ Law on Civil Service in the FBiH, Official Gazette of the FBiH No. 29/2003 with amendments (including the decision of the Constitutional Court from 9/2017); Law on Civil Service in the Institutions of BiH, Official Gazette of BiH No. 19/02 with amendments; Law on Civil Service in Public Administration Bodies of the BD of BiH, Official Gazette of BD BiH, 09/14 and amendments.

²⁴⁵ Laws on Col at the State level and in the RS and the FBiH focus on assets and financial situation, while interests are not explicitly mentioned. Law on Col in the RS, Article 12; Law on Col in the FBiH, Article 13; Law on Col at the State level, Article 16) Detailed regulations on the content of declarations were not shared with SIGMA.

²⁴⁶ Law on Amendments to the Law on the High Judicial and Prosecutorial Council of BiH, Article 35, Official Gazette No. 63/23, Articles 21 and 22.

²⁴⁷ Law on Preventing Conflicts of Interest in the Institutions at the Level of BiH, Official Gazette of BiH No. 18/2024.

²⁴⁸ With some lack of clarity in the FBiH, as the list of misconduct that could lead to disciplinary procedures does not refer explicitly to non-compliance with secondary employment, Law on Civil Service of the FBiH, Article 55.

²⁴⁹ Law on Conflict of Interest in the Authorities of the RS, Official Gazette of the RS, No. 73/2008 with later amendments; Law on Conflict of Interest in the Authorities of the FBiH, Official Gazette of the FBiH, No. 70/08 with later amendments; Law on Preventing Conflicts of Interest in the Institutions at the Level of BiH, Official Gazette of BiH No. 18/2024.

²⁵⁰ Code of Conduct of State Officials in the RS, Official Gazette of the RS No. 83/2022 of 23 December 2002; Code of Conduct of State Officials in the Institutions of BiH, Official Gazette of BiH No. 49/13 of June 24, 2013; and Code of Ethics for Civil Servants in the FBiH, Official Gazette of the FBiH No. 63/2020.

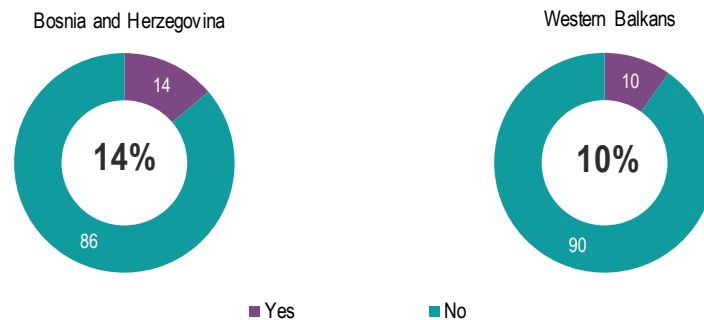
not sufficiently developed in the FBiH.²⁵¹ Furthermore, the codes of conduct either do not address some of the current challenges, such as the activity of civil servants in social media, or address them very briefly, as is the case in the FBiH.²⁵² Less than half (49%) of the civil servants who responded to the SIGMA Survey of Public Servants who have read the ethics codes strongly agree that the rules are clear.²⁵³

Lobbying, including the transparency and integrity aspects of lobbying activities, is not regulated in any of the four administrations in BiH.

Integrity violations entail the disciplinary liability of civil servants. Disciplinary procedures are well regulated in the four administrations.²⁵⁴ However, statistics on disciplinary procedures and sanctions are only publicly available in the FBiH, although the information is limited.²⁵⁵ The HJPC publishes statistics on criminal investigations, prosecutions, and court judgements related to corruption on its website, and the data covers all administrations in BiH.²⁵⁶

14% of citizens who responded to the SIGMA Survey of Citizens declared that during the last year they had to give a gift, money or do a favour for a public official in addition to paying for a public service, the second-highest proportion in the region (Figure 43).

Figure 43. Bribery in the public sector experienced by the population



Notes: Percentages of valid responses to the question: "In the last 12 months (since March 2023), have you had to give any public official a gift or money - in addition to any official fee, or done them a favour?". The percentage in the middle is the share respondents who answered "yes". Source: SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

Generally, public trust in public institutions, such as courts, police, civil service, is lower than the average for the region. For example, 29% of the citizens surveyed "fully trust" or "tend to trust" civil servants, whereas the average for the Western Balkans is 41%.²⁵⁷ Nevertheless, the perception of corruption by businesses in BiH, despite being significant, is the lowest in the Western Balkans: 13% of respondents to

²⁵¹ In the case of the FBiH, the Code of Conduct fails to regulate the details sufficiently. For example, it does not specify what is a gift of "lesser value" that could be accepted. This topic is also not regulated for civil servants in the regulation on the representation and gifts in the Federal administrative bodies and Federal administrative organisations of 18 January 2012, as most provisions of this regulation do not apply to civil servants.

²⁵² Code of Ethics for Civil Servants in the FBiH, Article 11.

²⁵³ SIGMA Survey of Public Servants on the functioning of public administration in the Western Balkans 2024.

²⁵⁴ More details in the analysis of Principle 8 in the area of Public Service and HRM.

²⁵⁵ Statistics on disciplinary procedures are included in annual reports on the state of civil service. The last such report for 2022, available on the FBiH CSA's website, includes data by public institution, the date of starting the procedure and the result (disciplinary measure), but the types of offences and appeals are excluded.

²⁵⁶ Available at; <https://vstv.pravosudje.ba/vstvfo/B/141/kategorije-vijesti/1198/1363/114475>

²⁵⁷ SIGMA Survey of Citizens on public administration 2024.

the SIGMA Survey of Businesses, agreed that irregular payments or gifts to public officials are common practice for companies.²⁵⁸

These results are consistent with a steady decrease in the Transparency International Corruption Perception Index values for BiH, from 42 in 2012 to 35 in 2023.²⁵⁹

²⁵⁸ SIGMA Survey of Businesses on public administration in the Western Balkans 2024.

²⁵⁹ Transparency International, Our Work in Bosnia and Herzegovina, <https://www.transparency.org/en/countries/bosnia-and-herzegovina>, accessed on 14 June 2024.



Service delivery and digitalisation

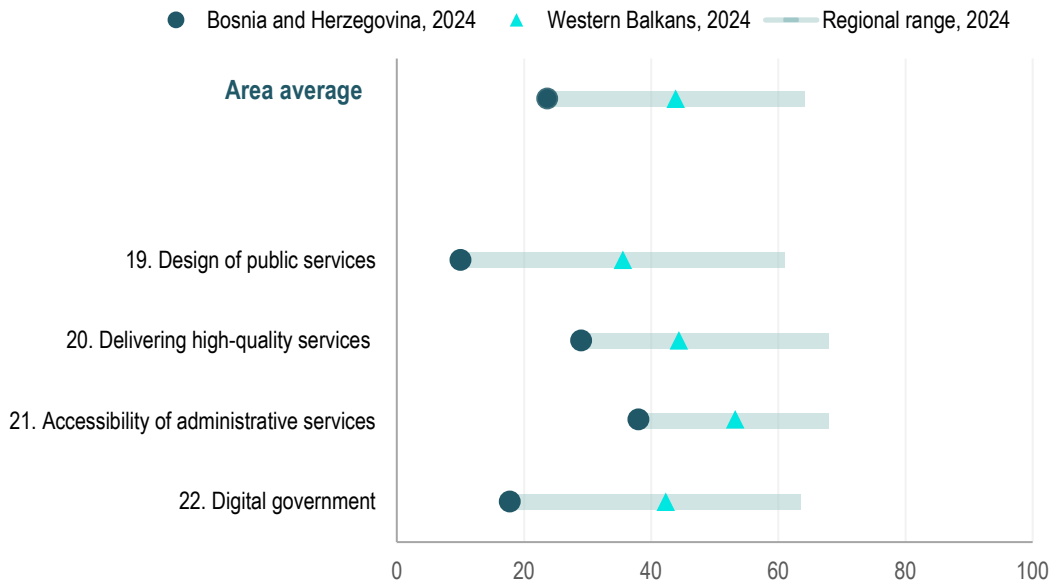
The public administration places **users at the centre** and delivers high-quality and easily **accessible services** online and offline to all people and businesses. Digitalisation enables data-driven decisions, effective and efficient processes.

The Principles of Public Administration

- Principle 19** Users are at the centre in design and delivery of administrative services.
- Principle 20** The public administration delivers streamlined and high-quality services.
- Principle 21** Administrative services are easily accessible online and offline, taking into account different needs, choices and constraints.
- Principle 22** Digitalisation enables data-driven decisions and effective, efficient and responsive policies, services and processes in the whole of government.

Summary and recommendations

Figure 44. The overall indicator values in the service delivery and digitalisation area



Notes: Area average is a simple average of the Principles within the area. Western Balkan average is calculated as a simple average of all administrations. Indicator 22. Digital government is the weighted average of 22.1. Digital government readiness and maturity (75%) and 22.2. Digital government tools (25%).

Little progress has been made in Bosnia and Herzegovina (BiH) in the service delivery area due to a lack of policy leadership. Voids in roles and responsibilities hamper co-ordinated efforts to advance the initiatives that would systematically improve the situation. In addition, initiatives requiring co-operation from all levels of government, such as interoperability and e-signature, face political obstacles. Consequently, **the Action Plan of the Public Administration Reform Strategy 2018-2027 remains largely unimplemented.**

There is an overall lack of commitment to steering service improvement using user-engagement instruments, setting service standards and monitoring quality of service. User-centricity and transparency of selected digital services are very low for both citizens and businesses. There are no central portals that would provide information and access to services online, let alone based on life events. Perceived ease of use and length of time required for citizens to complete the administrative procedures is nevertheless relatively high, thanks to well-functioning delivery of personal identification documents and civil registry services. In May 2024, the Agency for Identification Documents, Registers and Data Exchange (IDDEEA) launched a cloud-based electronic signature.

While the “once-only” principle is enshrined in legislation, the interoperability of registries over central technical infrastructure, the Government Service Bus (GSB), is very limited, although there are many bilateral data exchanges. The Council of Ministers (CoM) has introduced a Supervisory Body to co-ordinate activities related to interoperability that will oversee how entity-level GSBs will be brought under one standard. Resources for rolling out the technical infrastructure are not yet secured, leaving the initiative vulnerable.

Accessibility of administrative services through physical channels is good, but very few services can be applied for or used online. There is no plan to improve accessibility for people with special needs, except in Republika Srpska (RS) where the Strategy for Improving the Social Position of Persons with Disabilities 2017-2026 has accessibility-related objectives. However, the arrangement for implementing that strategy

is inadequate. Clarity of language used in government communications is perceived as good by businesses²⁶⁰ and satisfactory by citizens.²⁶¹

The most important development in the area of digital government has been the creation of the Agency for Information and Communication Technologies in the RS, which supports the Ministry of Transport and Communication in developing and executing e-government policies. At other levels of government, responsibility for e-government is still divided, mandates are weak and resources are lacking.

The cloud-based e-signature technical solution was launched by IDDEEA in 2024. It is a significant step towards simplifying digital data exchange between the government and businesses and citizens, although further work is needed to embed the solution into government information systems.

The existing legal framework, institutional set-up and related strategies and guidance in the public service delivery and digitalisation area to a large extent not in line with the Principles of Public Administration. Also, the analysis on implementation practice and results signals significant weaknesses and gaps (Figure 45).

Figure 45. State of play in service delivery and digitalisation by type of criterion



Notes: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

²⁶⁰ SIGMA Survey of Businesses on public administration in the Western Balkans 2024.

²⁶¹ SIGMA Survey of Citizens on public administration in the Western Balkans 2024.

Recommendations

1. The CoM of BiH, the Governments of the FBiH, the RS and the BD should assign clearly articulated responsibility for service delivery policy, establish service delivery units to lead improvement (including the position of Government Chief Information Officer to lead the digital transformation) and establish a functional co-ordination mechanism between the different levels of government.
2. The CoM of BiH, the Governments of the FBiH, the RS and the BD should create a service delivery strategy, integrating instruments of administrative simplification and service redesign, user engagement and service standards, continuous monitoring of service performance and technological enablers.
3. The responsible ministries at each level should co-ordinate their investments upon strategic guidance from the Supervisory Body for interoperability at the BiH CoM to upgrade and enforce the use of the GSB as the data-exchange mechanism between registers and government institutions.
4. The responsible ministries at each level should create a service catalogue and continue initiatives to improve individual services in parallel to putting in place enablers contributing to the delivery of digital services.
5. The responsible institutions at each level of government should develop a multi-channel accessibility strategy for administrative services. Online service portals with information on public services, supported by service catalogues, should be a starting point for integrating online services into a single point of contact. Considering people with special needs should be an integral part of the accessibility strategy.

Analysis

Principle 19: Users are at the centre in design and delivery of administrative services.

Service delivery lacks policy leadership, and the responsibilities for advancing the area are incomplete. The Action Plan of the Strategic Framework for Public Administration Reform (SF PAR) 2018-2027 remains largely unimplemented. There are no user-engagement practices or required service standards. Comprehensive administrative simplification is not on the agenda, although individual initiatives to redesign services are undertaken.

Indicator 19. Enablers for user-centric services		2024 indicator value			
		State level	FBiH	RS	BiH
Sub-indicators		Points			
1.	Existence of a service delivery policy and institutional set-up	6/20	5/20	5/20	5.3/20
2.	User engagement and participation	0/20	0/20	0/20	0/20
3.	Procedures and practice to control creation of administrative burdens	2.5/15	0/15	5/15	2.5/15
4.	Analysis of administrative burdens of existing regulations	0/15 ⁱ	0/15	5/15	1.7/15
5.	Existence of service delivery standards	0.5/15	0/15	0/15	0.2/15
6.	Monitoring system of service standards	0/15	0/15	1/15	0.3/15

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise.

(i) = data not available or not provided.

A policy framework for service delivery has been established with the SF PAR in BiH 2018-2027, initially adopted for five years in 2018²⁶² and then extended for another five years, and its Action Plan (AP), adopted in 2020²⁶³ and revised in 2024. The strategy is applicable for the entire country. While the document sets the tone for learning about user needs as the starting point for transformation of service delivery, the administration does not apply tools and practices to seek user input or measure user satisfaction at a service level. The situation analysis in the strategy points to the right issues, including references to digital service provision, but it is too general, and the policy measures do not align with it. There are three overall general policy measures envisaged in the Strategic Framework: 1) identification of approaches to measure and improve the quality of services delivered by the public administration and orientation to service users; 2) improvement of accessibility of services through different channels of communication,²⁶⁴ and 3) coherent improvement of the administrative and legal framework. No measure specifically addresses digital service delivery in the Strategic Framework, although the AP does in fact include several activities in this area and demonstrates a thorough understanding of what needs to be done.

The 2023 Annual Report of the AP²⁶⁵ reveals that, three years after its adoption, there has been no progress in attaining any of the targets set in the strategy. In fact, the Report shows that general satisfaction

²⁶² Adopted by the CoM of BiH on 25 September 2018.

²⁶³ Adopted by the CoM of BiH on 16 December 2020.

²⁶⁴ In 2023, the same Measure was referred to as 'Improving the availability of services through various communication channels.

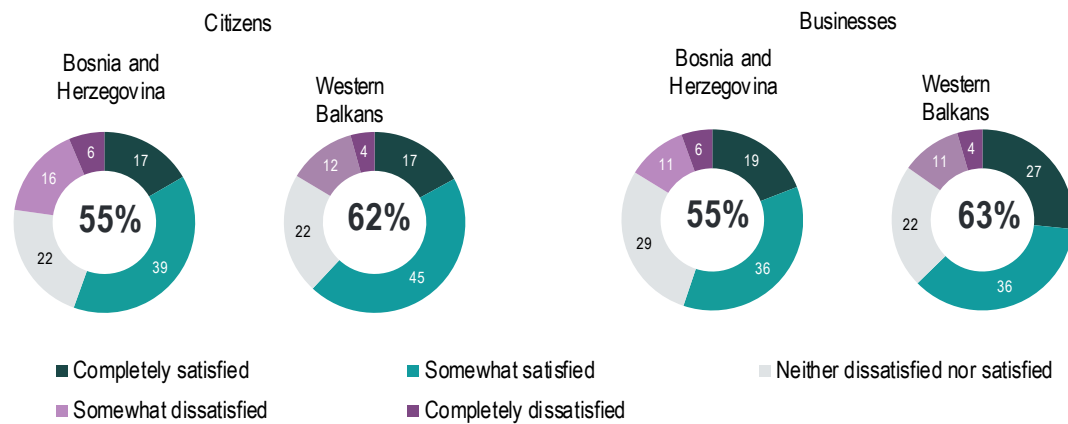
²⁶⁵ Annual Report 2023 on the Implementation of the SF PAR Action Plan in BiH 2018-2027, February 2024.

with public services has decreased from 27% in 2017 to 22% in 2023. Out of 137 activities, only 8 have been realised (6%).

This reflects the lack of political commitment to PAR, as well as complicated institutional arrangements in the country, starting from not having clear leadership and responsibility for service delivery policy vested in any member of the CoM or an institution at any level of government. The situation remains largely unchanged from the 2022 SIGMA assessment.²⁶⁶ As there is no willingness to undertake a large-scale transformation, only individual centrally launched projects or projects at the level of individual agencies have been undertaken to explore some innovative elements of service delivery. For example, the Public Administration Reform Co-ordinator's Office (PARCO) mapped more than 200 State-level services with the aim of using that information for analytical and informational purposes, but as there was no institution responsible for such work, the effort was not followed up. The Indirect Taxation Authority has introduced electronic application for VAT refund at the State level, and the Ministry of Interior led simplification of vehicle registration. The RS, together with the United Nations Development Programme launched a Digital Transformation Academy in 2022 and has trained more than 300 people, turning trainees into trainers by now. Canton Sarajevo has become a role model for digital service provision, preparing a law on e-governance while no other level of government has yet introduced such a law (although the RS is working on one). While such initiatives are commendable, there is a risk of unaligned parallel processes with little or no follow-up, potentially wasting scarce resources and not achieving significant transformation of service delivery.

In BiH, satisfaction with administrative services of both citizens and business is lower than in the Western Balkans (Figure 46). The share of satisfied respondents (those who responded "completely satisfied" or "somewhat satisfied") is about 54% both for citizens and businesses. However, there is a higher share of unsatisfied citizens (22%) than of businesses (15%), considering valid responses.

Figure 46. Satisfaction with administrative services in general



Notes: Percentage of valid responses to the question: "In general, how satisfied or dissatisfied were you with the administrative services in BiH including all public administrative services you have been in contact with?" The percentage in the middle is the share of the respondents who answered "completely satisfied" or "somewhat satisfied".

Sources: SIGMA Surveys of Citizens and Businesses on public administration in the Western Balkans 2024.

Administrative simplification is another area of piecemeal approach, with no clear responsibility assigned to any institution. No institution has overall responsibility for administrative simplification. Individual institutions are responsible for administrative simplification of services in their jurisdiction, except in the RS where the Ministry of Economy and Entrepreneurship has an explicit mandate to propose measures for simplifying administrative procedures related to businesses in co-operation with competent authorities and

²⁶⁶ OECD (2022), SIGMA Monitoring Report: Bosnia and Herzegovina, OECD, Paris, <https://www.sigmaweb.org/publications/Monitoring-Report-Bosnia-and-Herzegovina-May-2022.pdf>.

the business sector.²⁶⁷ No plan has been devised by any level of government to have a systematic approach to reduction of administrative burden. New laws usually undergo ex ante assessment of administrative burden creation, but secondary legislation does not.

Principle 20: The public administration delivers streamlined and high-quality services.

For delivery of high-quality services, there has been some progress on improving individual services for citizens, but these have been piecemeal and gradual, rather than transformational. Services for businesses have improved more, but also vary more between levels of government. Without strong policy commitment and central support to such initiatives with digital enablers, these solutions coming up at individual-agency level tend to fall short of turning analogue services into fully digital services.

Indicator 20. Delivering high-quality services		2024 indicator value			
		State level	FBiH	RS	BiH
Sub-indicators		Points			
1.	Quality of selected administrative services	0.9/1 ⁱⁱ	1.8/11 ⁱⁱⁱ	2.9/11 ⁱⁱⁱ	19.1/40 ⁱ
2.	Integrated life-event services	ii	0/20	2.5/20	1.3/20
3.	Pre-filing of forms and proactive services	0/2 ⁱⁱⁱ	0/10 ⁱ	0/10 ⁱⁱⁱ	0/20 ⁱ
4.	Once-only principle	0/2 ⁱⁱ	4/10 ⁱ	4/10 ⁱⁱ	8.8/20

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise. (i) = data not available or not provided. (ii) = data not applicable. (iii) = data not available or provided and partially not applicable.

There has been very limited progress since 2022 in digitalisation of services in BiH. Most of the services are still analogue. Applying the European eGovernment Benchmark methodology, BiH underperforms, with respect to the European Union (EU) and Western Balkan averages, in all four dimensions.

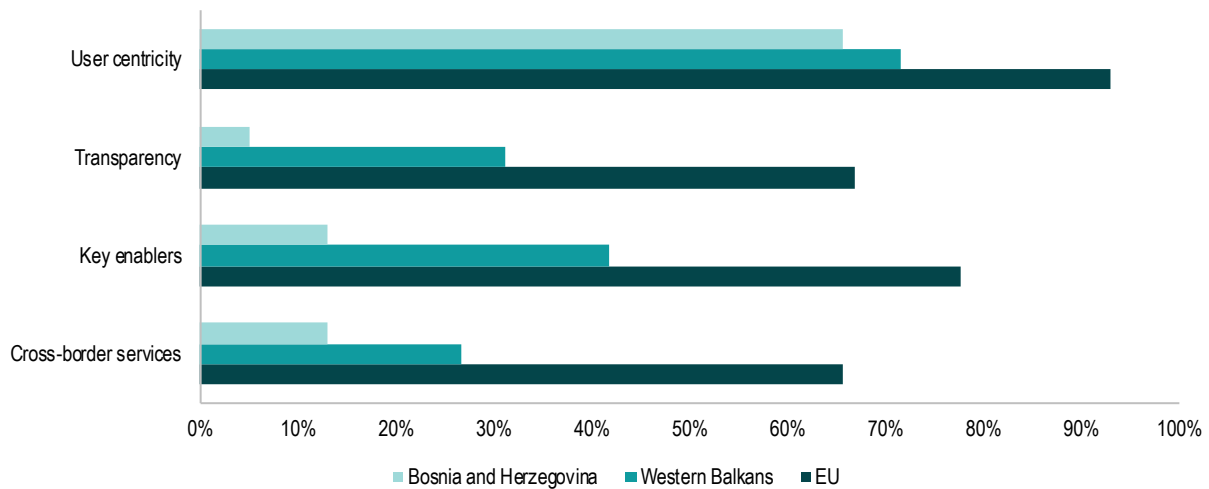
User-centricity of selected digital services for citizens is rated at 66 out of 100,²⁶⁸ while transparency of these services is extremely low, at 5 out of 100.²⁶⁹ (Figure 47) User-centricity is relevant to understand to what extent the authorities design services that accommodate users' needs. It refers to the extent to which services are provided online, supported by the authorities and accessible through mobile devices. The figures for businesses are 66 out of 100 for user-centricity and 15 out of 100 for transparency of services. This reflects the fact that some incremental improvements have been made to improve services.

²⁶⁷ Law on Public Administration (Official Gazette of the RS 115/18, 111/21, 15/22, 56/22, 132/22, 90/23) Article 30.

²⁶⁸ SIGMA mystery shopping results in BiH based on the EU eGovernment Benchmark survey methodology, conducted in March 2024. The score includes indicators on online availability, user support and mobile friendliness.

²⁶⁹ *Ibid.* The score includes indicators on transparency of service provision, personal data and service design.

Figure 47. Results of the eGovernment Benchmark



Note: The composite indicators of the eGovernment Benchmark rate from 0 to 100.

Sources: 1. Bosnia and Herzegovina: SIGMA analysis based on the eGovernment Benchmark methodology 2024. 2. EU average eGovernment benchmark 2024²⁷⁰. 3. Western Balkan average, the results are taken from the average eGovernment Benchmark 2024 for Albania, Montenegro, The Republic of North Macedonia and Serbia and for Bosnia and Herzegovina and Kosovo* from the SIGMA analysis based on the eGovernment Benchmark methodology, 2024.

The Direct Taxation Authority (DTA) of the RS has become the first institution to issue all documents in electronic format bearing electronic signature.²⁷¹ It has also introduced electronic submission of tax documents and submission of applications through electronic mailbox. Taxpayers now have also gained access to information on their paid contributions and data on income generated by private individuals. Every individual can verify if the employer has paid their due contributions and income tax. However, the DTA notes that not all citizens trust digital records and sometimes print out e-documents to have them safely on paper.

In contrast, the DTA of the FBiH had to take a step back in convenience for taxpayers. It had started producing a tax declaration of private individuals from its own information system and sent it to taxpayers by e-mail for confirmation. While this started as a donor co-operation pilot project from the City of Sarajevo, in 2021-2022 the practice was spread to the entire Federation. However, in 2022 the DTA lost 14 IT officers (out of 32 positions in the central DTA, 18 are currently vacant) who could not be replaced. After this, the project stopped, and the DTA returned to paper-based declarations as in 2018.²⁷²

In 2022, the Agency for Intermediate and Financial Services (APIF) of the RS aimed to become a one-stop shop for everything business-related, but no change has occurred since the inter-governmental working group convened by the Ministry of Justice completed its work. It handles registration of businesses, which still cannot be done online. The APIF forwards the application documents to the Commercial Court, which takes the decision on registration. The court then sends the decision back to the Agency, which delivers the decision. A tax number is assigned directly when the decision on registration is taken, but if VAT or import-export licenses are needed, businesses need to apply separately to the Indirect Taxation Authority at the State level. Overall, it takes five to seven days to register a business. The APIF also keeps financial reports of enterprises and keeps the register of bank accounts. Financial accounts can be submitted digitally by uploading them to the APIF system.

²⁷⁰ <https://digital-strategy.ec.europa.eu/en/library/digital-decade-2024-egovernment-benchmark>

²⁷¹ Interview with the DTA of the RS, 18 April 2024.

²⁷² Interview with the DTA of the FBiH, 17 April 2024.

In Brčko District (BD), the Basic Court registers legal entities and allows for electronic submission. However, without the digital signature, applicants must still show up in person to identify themselves. The Tax Administration is now connected to the Court so that when an applicant comes to register a business, the tax number is assigned automatically. In addition, the Tax Administration is connected to the Employment Institute and the Health Institute, which can verify if their clients have paid the required contributions.

The BD Tax Administration tried to introduce electronic submission of documents in 2022. They used web applications to enable taxpayers to submit selected monthly reports online. As the number of online users increased, they realised that their old information system, donated to the Tax Administration in 2003, became too unstable and vulnerable, so they could not progress with the initiative. Now some taxpayers can use electronic submissions, while others cannot. Annual reports still have to be submitted in hard copy.

The Financial Intelligence Agency (FIA) at the FBiH level has automated data exchanges with banks so that it can deliver data to the register of bank accounts of legal persons and private individuals. Users of that data, such as prosecution bodies and the Ministry of Interior, are saved from sending a request to any of the 17 banks and instead receive that information from the FIA. However, the information is provided on paper, which is stamped and signed, or in the format of a scanned PDF document. State institutions have access to that data for free, while attorneys must pay for it.

In the RS, parents have been freed from the need to bring birth certificates when enrolling their children to the first class by introducing a web service by which the Ministry of Education and Culture (MoEC) gained access to these certificates. The only requirement for parents is to sign a consent form that they agree that their data can be processed by the MoEC. Nevertheless, the parents must go to a school to submit the application.²⁷³

These examples illustrate that without digital enablers, the improvement efforts fall short of transforming these services into fully digital services. Also, without central support and co-ordination, there is very little learning and transferring of experience from one agency to another.

In BiH, integrated life-event services have not been created over the last years, with one exception: E-baby service from the RS. Starting a business is moving in that direction as well. Pre-filling of forms is still not the practice in BiH, and proactive services have not been introduced. The “once-only” principle is enshrined in legislation, and 40% of citizens and 67% of businesses felt they were not unnecessarily required to present documents or information.²⁷⁴ In general, the practice of the RS Ministry of Administration and Self-Government in making vital records accessible to various public institutions reduces the burden of proof on service users, hence bringing the “once-only” principle into practice. Likewise, agencies dealing with businesses (declaring corporate taxes, registering a new employee, registering financial statements) have made good progress on reducing administrative burden.

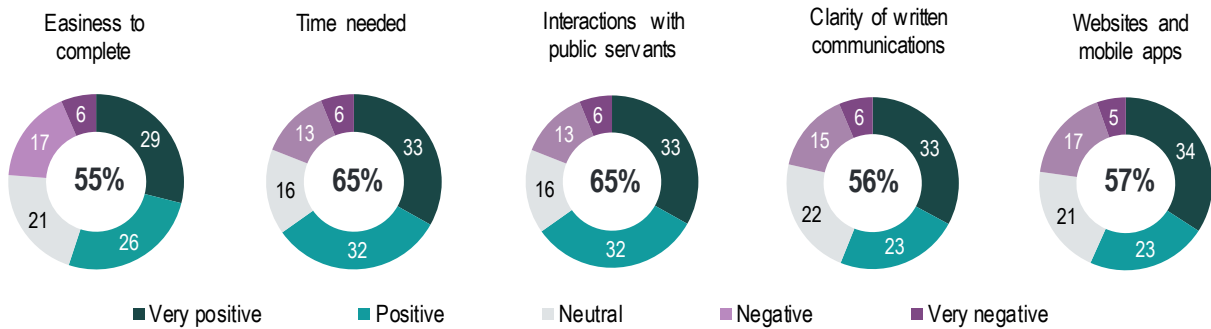
Survey results on the perceptions of citizens and businesses in BiH on satisfaction with elements of service delivery show that businesses have a more positive view than citizens (Figure 48 and Figure 49).²⁷⁵ This is the case for all five dimensions: 1) Easiness to complete the procedure; 2) Time needed; 3) Interactions with public servants; 4) Clarity of written communications; and 5) Websites and mobile apps. Still, BiH underperforms compared to the Western Balkans in four out of the five metrics (with a slightly higher positive perception of “Easiness to complete the procedure”).

²⁷³ Interview with the Ministry of Administration and Self-Government of RS, April 18, 2024.

²⁷⁴ SIGMA Surveys of Citizens and Businesses on public administration in the Western Balkans 2024.

²⁷⁵ *Ibid.*

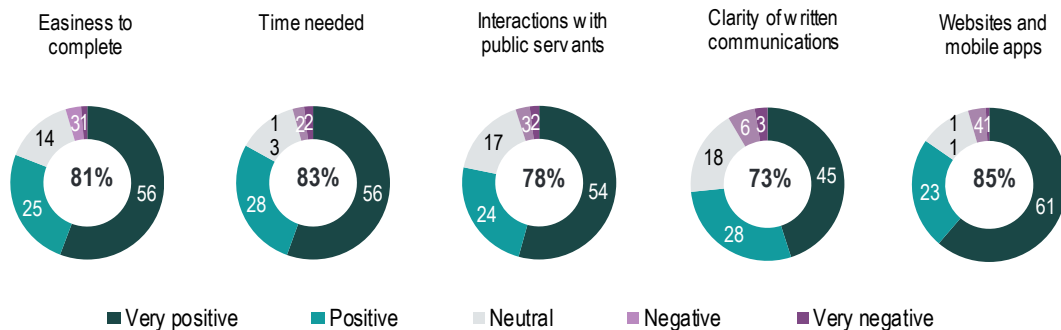
Figure 48. Citizen satisfaction with different elements of administrative service delivery



Note: Percentage of valid responses to the questions: 1) “How easy or difficult was it for you to use service website: for example, to find what you needed or to understand what to do?”; 2) “How easy or difficult was it for you to use service mobile application: for example, to find what you needed or to understand what to do?”; 3) “How easy or difficult was it for you to understand service written communication, such as letters and e-mails received, or information from the website?”; 4) “Overall, how satisfied or dissatisfied were you with the public servants you interacted with?” 5) “How easy or difficult was it to complete the process (e.g. number of visits necessary, going to the wrong institution, etc)?” Each bar shows the simple average of the responses for the administrative services provided by the following public institutions: 1) Authorities in charge of renewal of ID Card or Passport; 2) Civil registry; 3) National health institutions; 4) Employment agency; 5) Social security; and 6) Tax Agency, and for the following services for businesses: 1) Declaring Corporate Income Tax; 2) Registering financial statements in the business registry; and 3) Registering a new employee to the competent authorities. The percentage in the middle is the share of the respondents who answered “positive” and “very positive”.

Sources: SIGMA Surveys of Citizens on public administration in the Western Balkans 2024.

Figure 49. Business satisfaction with different elements of administrative service delivery



Note: Percentage of valid responses to the questions: 1) “How easy or difficult was it for you to use service website: for example, to find what you needed or to understand what to do?”; 2) “How easy or difficult was it for you to use service mobile application: for example, to find what you needed or to understand what to do?”; 3) “How easy or difficult was it for you to understand service written communication, such as letters and e-mails received, or information from the website?”; 4) “Overall, how satisfied or dissatisfied were you with the public servants you interacted with?” 5) “How easy or difficult was it to complete the process (e.g. number of visits necessary, going to the wrong institution, etc)?” Each bar shows the simple average of the responses for the administrative services provided by the following public institutions: 1) Authorities in charge of renewal of ID Card or Passport; 2) Civil registry; 3) National health institutions; 4) Employment agency; 5) Social security; and 6) Tax Agency, and for the following services for businesses: 1) Declaring Corporate Income Tax; 2) Registering financial statements in the business registry; and 3) Registering a new employee to the competent authorities. The percentage in the middle is the share of the respondents who answered “positive” and “very positive”.

Sources: SIGMA Surveys of Businesses on public administration in the Western Balkans 2024.

Principle 21: Administrative services are easily accessible online and offline, taking into account different needs, choices and constraints.

Accessibility to government services, although rather good in person, is relatively poor through electronic means. This is due to missing government portals, as well as a lack of a guided approach to structuring and providing clear government information. No service catalogues exist. There are no plans to improve accessibility for people with special needs, except in the RS, where a plan exists but implementation is poor.

Indicator 21. Accessibility of administrative services		2024 indicator value			
		State level	FBiH	RS	BiH
Sub-indicators		Points			
1.	Multi-channel service delivery	8/10 ⁱⁱ	8/18 ⁱⁱⁱ	10/18 ⁱⁱ	9/20
2.	Physical access to public services	ii	0/8 ⁱⁱⁱ	0/8 ⁱⁱⁱ	7.9/20 ⁱ
3.	Accessibility of services for users with special needs	2/20	2/20	5/20 ⁱ	3/20
4.	Findability of public services information	0/10 ⁱⁱ	0/10 ⁱⁱ	0/10 ⁱⁱ	5.9/20
5.	Multi-channel service delivery	4.8/10 ⁱⁱ	7.6/10 ⁱⁱ	3.4/10 ⁱⁱ	12.2/20

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise. (i) = data not available or not provided. (ii) = data not applicable. (iii) = data not available or provided and partially not applicable.

One of the policy measures of SF PAR 2018-2027 relates to improvement of availability of services through different channels of communication. All the levels of government have recently, FBiH in 2022 and other administrative levels earlier in 2016 or 2018, amended their Laws on Administrative Procedure (LAPs) to recognise the right of citizens and businesses to communicate electronically with the public administration. They also grant the right to citizens to apply for public services in person. In the LAP of the RS, there are still provisions that apply to an analogue world, such as the requirement to sign the submission by hand, and do not explicitly regulate or refer to a regulation that defines the properties of an electronic document.²⁷⁶ Amendments to the LAP in the FBiH from 2022²⁷⁷ accept submissions in electronic form with an electronic signature as equivalent to a handwritten signature.

The 2023 SF PAR Implementation Report states that there is no progress in the implementation of this measure.²⁷⁸ For most of the services, there is no online provision,²⁷⁹ while physical access is perceived as rather good. Satisfaction with accessibility of in-person services by citizens was at 63%.²⁸⁰ The highest satisfaction was registered for in-person services at the civil registry and at the ID authorities offered by IDDEEA, both at over 70%.

The SF PAR 2018-2027 envisaged the creation of one-stop shops at each administrative level, but the number of services offered through such arrangements is miniscule. In practice, as discussed under Principle 20, there has been some movement towards building business-related services from a single window (such as registration of business), although it has not been ambitious enough to also offer support

²⁷⁶ The LAP of the RS, Article 194 only refers to the Law on Electronic Documents in the context of an official taking a decision which, if made in electronic form, must be in accordance with that law.

²⁷⁷ Law on Amendments to the LAP, Official Gazette of the FBiH No. 61/22.

²⁷⁸ Annual Report 2023 on the Implementation of the SF PAR Action Plan in BiH No. 20182027, p. 62.

²⁷⁹ SIGMA requested information about ten services at all administrative levels, but information was not provided for most of them.

²⁸⁰ SIGMA Survey of Citizens on Public Administration 2024.

services, such as advising on business plan creation or providing information about state support. On a positive note, business registers were digital in the FBiH, the RS and the BD by the end of 2023. The main problem is that there has been very little attempt to bring service provision online. Although the digital enablers are missing for fully transactional services, there are also no attempts to create service platforms where information about the services would be publicly available. At no administrative level has a service catalogue been completed that would serve as the main infrastructure element behind such web portals, and no governing mechanisms or responsibilities for managing and maintaining the catalogues have been approved. The FBiH Government launched a new website in 2022, also catering to mobile devices, which intends to report on the work of the Government, including its services, but it currently offers no information on government services. Citizens' perception of easiness to find information about how to apply for administrative procedures was 57% on average.²⁸¹

No written guidelines or toolkits were reported for clarity and visual look and feel of government websites or for the clarity of government communication in general. However, citizens' satisfaction with the clarity of language used in government communications regarding selected service providers was 56% on average, while the satisfaction level for businesses was rather high at 73%.²⁸²

There is no plan to improve accessibility for people with special needs, except in the RS, where the Strategy for Improving the Social Position of Persons with Disabilities 2017-2026 has accessibility-related objectives. However, the implementation arrangement of that strategy (clearly assigned responsibilities for actions, targets set, central monitoring and reporting arrangements on the progress made by each government institution, costing and funding specifics) is inadequate, and progress cannot be assessed. Information on the mandatory accessibility standards for construction or retrofitting of public sector buildings could not be obtained, except for the RS, where such standards exist.²⁸³ There are no databases of government buildings that would contain information on accessibility to premises. The Council of Ministers of BiH issued a guideline for the development and maintenance of official websites of BiH institutions adjusting for people with visual impairments.²⁸⁴ At the level of the BiH and the RS, the Law on the Use of Sign Language exists,²⁸⁵ but Braille is not officially recognised.

²⁸¹ SIMGA Survey of Citizens on Public Administration 2024.

²⁸² *Ibid.*

²⁸³ The Rulebook on Conditions for Planning and Designing Facilities for the Unhindered Movement of Children and Persons with Reduced Physical Capacities (Official Gazette of the RS No. 93/13) prescribes urban planning and technical conditions for the planning of public traffic and pedestrian areas, access to construction facilities, design of residential and non-residential buildings, as well as special devices in them, and removal of architectural barriers in existing buildings, which ensure unhindered movement in space for children and persons with reduced physical abilities.

²⁸⁴ CoM of BiH, Official Gazette of BiH, Nos. 30/03, 42/03, 81/06, 76/07, 81/07, 94/07 and 24/08.

²⁸⁵ Law on the Use of Sign Language, Official Gazette of BiH No. 75/09.

Principle 22: Digitalisation enables data-driven decisions and effective, efficient and responsive policies, services and processes in the whole of government.

Regarding digital government readiness and maturity, there are no strategies of e-government at any level of government. The most important development has been the creation of the Agency for Information and Communication Technologies (AICT) in the RS. An e-signature solution in the cloud has been launched by the Identification Documents Registers and Data Exchange, but its success remains to be seen. Cybersecurity laws are being worked on at each level of government. The government interoperability system still does not function, but registries are being digitalised further. Government-wide data governance rules and standards do not exist. Very few modern e-government concepts have been introduced.

Indicator 22.1. Digital government readiness and maturity	2024 indicator value				15/100
	State level	FBiH	RS	BiH	
Sub-indicators	Points				
1. Digital government strategy and co-ordination	0/10	0/10	1.5/10	0.5/10	
2. Digitalisation of public registries and data governance	0/15	0/15 ⁱ	0/15	0/15	
3. Interoperability: infrastructure, framework and adoption	2/15	1/15	2/15	1.7/15	
4. Digital identity, digital signature and trust services	4/15	4/15	4/15 ⁱ	4/15	
5. Digital government architecture and infrastructure maturity	0/15 ⁱ	0/15 ⁱ	0/15 ⁱ	0/15 ⁱ	
6. Uptake of emerging technologies in the public sector	2/10	2/10	4/10	2.7/10	
7. Legal framework for privacy and cyber security	2/9 ⁱⁱ	2/9 ⁱⁱ	4/9 ⁱⁱ	3.1/10	
8. Digital talent management in public administration	0/2 ⁱⁱ	1/2 ⁱⁱ	0/2 ⁱⁱ	3.2/5	
9. Re-use of digital solutions	0/5	0/5	0/5	0/5	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise.
(i) = data not available or not provided. (ii) = data not applicable.

There is no designated e-government strategy at any level of government, although it was a task in the SF PAR 2018-2027 AP. The RS had such a strategy for the period of 2019-2022, but there has been no attempt to create a new one. Instead, in co-operation with the Regional School of Public Administration, PARCO developed a Roadmap for creating the necessary preconditions for the introduction of electronic services, based on situation analysis. This document has served in developing the SF PAR 2018-2027 AP. Of course, the strategy would also require a strong ownership of e-government, something that has been missing. The Canton of Sarajevo has prepared the e-government Law for the Assembly's approval, and the RS is working on the preparation of a similar law.

One of the most important developments in BiH has been the creation of the AICT in the RS. It is still in the set-up phase, but it also currently collects information about the situation regarding ICT in institutions, such as what information systems and registers exist, what stage of development they are at, and what the procedures are for running them. This information provides solid ground to steer digital government initiatives, develop policies on information systems, data, cybersecurity etc. and to proceed with projects to support e-government. Such projects could include the relaunch of the GSB as the data exchange platform (in co-operation with the GSB, which is the owner of the technical system) and the RS-specific electronic signature solution in the cloud.²⁸⁶ At other levels of government, the responsibility for e-government is still divided, and the institutions have weak mandates and lack resources.

²⁸⁶ Interview with the AICT, 18 April 2024.

There is no good overview of the registries in the country. Some registries, particularly those managed by the IDDEEA, such as the birth registry, residence registry, citizenship registry, but also cadastre, are fully digital and made accessible to an increasing number of state institutions based on their justified needs, supported by legislation. However, there are no rules for data governance to oblige data owners of digital registries to share that data across the public administration and govern data quality and availability based on established standards. No comprehensive single data inventories exist at any level of government.

E-signature legislation has been in place since 2006,²⁸⁷ but practical arrangements for the launch of a state-wide solution have been slow to take root. Unfortunately, the legislation is not fully in compliance with the EU regulation on e-identification and trust services for electronic transactions (eIDAS)²⁸⁸ because due to political reasons BiH has not been able to decide on the single authority required to acknowledge cross-border e-ID means (interoperability of national e-ID schemes among EU Member States). Nevertheless, in February 2024, the IDDEEA launched a free cloud-based digital signature solution for citizens. It is a modern solution compared to an earlier -IDcard based digital certificate which required a card-reader. While the implementation of IDDEEA's new remote digital signing solution has generated public discussion and varying interpretations, the Ministry of Communications and Transport of BiH, as the competent authority for certification oversight and accreditation, has confirmed its full compliance with the existing Electronic Signature Law. Since 2022, IDDEEA is one of four accredited certifiers maintained in the register by the Ministry of Communications and Transport of BiH.²⁸⁹

According to the Ministry's official statement, IDDEEA underwent successful certification procedures. These certifications validate that IDDEEA operates in full accordance with current legal requirements, standards, and eIDAS regulations for both qualified certificate issuance and remote signing capabilities. It is worth noting that similar technical solutions have been successfully implemented by other accredited providers in the private sector, operating under the same Electronic Signature Law framework without raising comparable concerns, which demonstrates the established practice of such solutions within the existing legal framework. The successful implementation of electronic certification solutions in BiH is further demonstrated by the Indirect Taxation Authority's established practice of issuing certificates for legal entities under the same law, which has proven highly beneficial for business operations. To ensure widespread accessibility of digital signing capabilities, IDDEEA has established registration offices throughout its regional centres across BiH, enabling citizens to obtain their qualified electronic signature free of charge through a simple and streamlined process. Furthermore, IDDEEA began incorporating digital representation certificates into BiH citizens' electronic ID cards since June 2024. The practical value of these developments is evidenced by ongoing negotiations with BH Telecom and several major banks in Bosnia and Herzegovina for integrating IDDEEA's remote digital signing solution into their services, which will provide citizens with concrete, everyday applications that simplify their interactions and transactions.

Some of the concepts of modern e-government are still not introduced in BiH, such as public sector data policy, information systems in the cloud (except at the state level where the Policy on Cloud Computing exists), promotion of IT systems based on open-source technology, enterprise IT architecture, or developing a business case before procuring an IT system. Artificial Intelligence has not been introduced yet at any level of government, so there has been no need either to introduce regulation for algorithmic decision making, including transparency obligations.

²⁸⁷ Law on Electronic Signatures, Official Gazette of BiH No. 91/06.

²⁸⁸ Regulation (EU) No. 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market (eIDAS - electronic Identification, Authentication and trust Services).

²⁸⁹ Regulation (EU) No. 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market (eIDAS - electronic Identification, Authentication and trust Services).

The Personal Data Protection Law at the level of BiH²⁹⁰ is in place, although it is not fully harmonised with the EU General Data Protection Regulation.²⁹¹ Its implementation is supervised by the Personal Data Protection Agency of BiH.

Cybersecurity regulation is in place in the RS, although a new version will be developed in 2024. The Federal Ministry of Transport and Communications (MTC) prepared the Draft Law on Information Security of the FBIH, partially aligned with the NIS 2 Directive,²⁹² which had not been adopted yet. A Computer Emergency Response Team (CERT) to be established at the federal level also must wait for the law to be passed.²⁹³ Likewise, the MTC at the State level also developed the Law on Cybersecurity, fully harmonised with EU directives, expected to be adopted in 2024. Their CERT has not been established yet either, although the Ministry of Defence has its own CERT.²⁹⁴ There are currently no cybersecurity strategies at any level of government.

A critical challenge in BiH is the difficulty in retaining and attracting high-qualified IT staff. Several agencies interviewed by SIGMA had lost a significant number of IT personnel and could not hire replacements. Even if they did, it takes several years to gain sufficient experience for a senior expert role. Unless this problem is addressed, there is a serious risk of failure of the IT systems that support all the functions in the administration.

Among civil servants who responded to the SIGMA Survey of Public Servants on the functioning of public administration 2024,²⁹⁵ 88% thought that they had sufficient digital skills. However, only 41% of respondents thought they had enough training on cybersecurity skills to understand risks and know how to avoid them.²⁹⁶

²⁹⁰ Personal Data Protection Law of BiH, Official Gazette No. 49/06.

²⁹¹ Regulation (EU) No. 2016/679 of the European Parliament and the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation).

²⁹² The NIS 2 Directive is an EU directive that specifies cybersecurity requirements that need to be implemented by EU companies that are considered to be critical infrastructure.

²⁹³ Interview with the FBIH MTC, 16 April 2024.

²⁹⁴ Interview with the State-level MTC, 18 April 2024.

²⁹⁵ SIGMA Survey of Public Servants on the functioning of public administration 2024.

²⁹⁶ *Ibid.*

Digital government tools

Regarding the use of digital tools in other Public Administration back-end processes (excluding service delivery), the performance of BiH is low. While the public procurement data system conforms to internationally accepted standards, in the other areas, the digital tools used present more weaknesses.

Indicator 22.2. Digital government tools and services		2024 indicator value			26/100
		State level	FbiH	RS	BiH
Sub-indicators		Points			
1.	Digital access to legislation	0/10	0/10	0/10	0/10
2.	Digital platform for public consultation	0/10	0/10	0/10	0/10
3.	Human resource management (HRM) information system	0/15	3.3/15	0.8/15	1.4/15
4.	Digital portal for recruitment	10/10	10/10	5/10	8.3/10
5.	Open data and re-use of public information	5/20	3/20	3/20	3.7/20
6.	Digital tools for internal control	0/10	0/10 ⁱ	0/10	0/10
7.	Digital tools for accounting information	2/10	4/10	4/10	3.3/10
8.	Public procurement data system	ii	ii	ii	9/15

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise.

(ii) = data not applicable.

For example, digital access to legislation is limited and not free of charge. In the FBiH, the Official Gazette online register is not free of charge. All primary and secondary regulation is available also at the official website of the Government. However, this registry is not complete. A similar situation exists in the RS, where all regulations are available in the Official Gazette online register. However, access to it is not free of charge, but rather subscription based. On the State level, only the legislation adopted since 2009 is available online free of charge at the Official Gazette website. Legislation adopted before 2009 can only be obtained for a fee. The e-consultation platform is established for the institutions of BiH. For the FBiH and the RS, there is no central website for public consultation. Draft laws and sector planning documents are published on individual ministry websites.

In terms of digital tools in the HRM area, the picture is mixed as well. Although public service job announcements are available on a single web portal in the FBiH and the RS and at the State level, an overall functioning HRM information system (HRMIS) that runs digitally, without the need for paper forms and is interoperable is not yet in place in the FBiH and the RS. At the State level, the HRMIS does not exist yet, although the legal basis for its development has recently been created.

There is no open data portal in BiH and reuse of data aligned with the Directive (EU) 2019/1024²⁹⁷ is regulated at the State level, according to the 2023 Law on Freedom of Access to Information at the level of Institutions of BiH,²⁹⁸ and the right of reuse of public sector information is formulated broadly and remains generally in line with the Directive. Furthermore, citizens and businesses in the FBiH have the legal right to communicate electronically with the public administration according the 2022 Law on Amendments to the Law on Administrative Procedure and the LAP at the State level. On the RS level,

²⁹⁷ Directive (EU) 2019/1024 of the European Parliament and of The Council of 20 June 2019 on open data and the re-use of public sector information.

²⁹⁸ Law on Freedom of Access to Information at the Level of Institutions of BiH of 30 August 2023, Article 30, Official Gazette of BiH No. 61/23

however, the LAP does not mention this right. Digital tools for internal control are used in a very limited manner and, in the same way, IT audits are not regularly conducted.

The electronic public procurement platform, e-Procurement, is in place and serves as a central platform for the publication of procurement plans, notices, and tender documents, as well as for the submission of tenders, contract management and other related activities. The platform facilitates easy and free access to public procurement data and offers advanced search options.



Public financial management

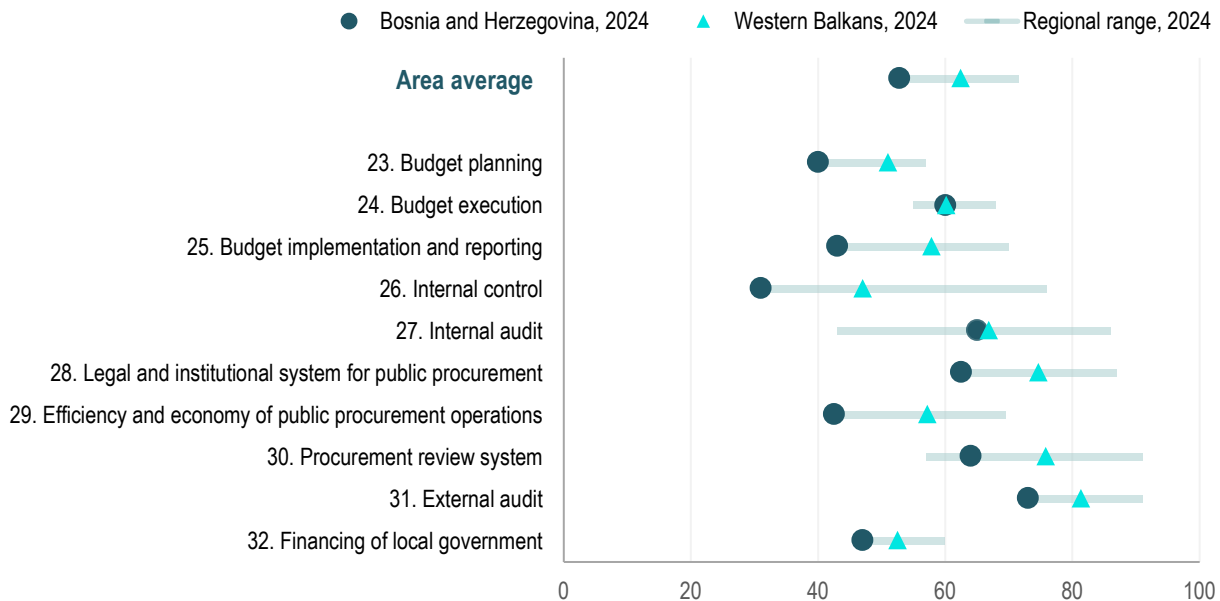
The public administration plans and manages public finances to ensure that they are **sustainable** and **transparent** and allow the delivery of policy objectives. Control, procurement and oversight arrangements are in place to ensure the economic, efficient and effective use of public resources shared across all levels of government.

The Principles of Public Administration

Budget management	Principle 23	The annual budget is comprehensive and formulated within a credible and rolling medium-term framework, balancing policy needs with fiscal constraints.
	Principle 24	The government supports budget implementation and service delivery by ensuring liquidity in the short and medium term.
	Principle 25	The government implements the budget in line with estimates and reports on it in a comprehensive and transparent manner, allowing for timely scrutiny.
Internal control and audit	Principle 26	Public administration bodies manage resources in an effective and compliant manner to achieve their objectives.
	Principle 27	Internal audit improves the management of public administration bodies.
Public procurement	Principle 28	Public procurement legislation, including public-private partnerships and concessions, is based on principles of equal treatment, non-discrimination, transparency, proportionality and competition, and supported by a sound governance framework.
	Principle 29	Contracting authorities conduct public procurement operations, including public-private partnerships, efficiently and economically.
	Principle 30	An independent procurement review system ensures effective, rapid and competent handling of complaints.
External audit	Principle 31	All public funds are effectively audited by an independent auditor that provides assurance on the use of public resources and helps improve the functioning of the public sector.
Financing of local governments	Principle 32	Regional and local governments have resources and adequate fiscal autonomy for exercising their competences, with financial oversight to foster responsible financial management.

Summary and recommendations

Figure 50. The overall indicator values in the public financial management area



Notes: Area average is a simple average of the Principles within the area. Western Balkan average is calculated as a simple average of all administrations. Indicator 28 is the simple arithmetic average of 28.1. and 28.2. and indicator 29 is the simple arithmetic average of indicators 29.1. and 29.2.

Due to the constitutional set-up of Bosnia and Herzegovina (BiH), four different public financial management (PFM) systems exist. The key features in the system have remained the same since 2021, although steps have been taken to enhance the coverage of the budget. **Considerable challenges still exist in approving budget planning documents in line with the budget calendar, which undermines budget discipline and reduces the time available for parliamentary scrutiny. Medium-term fiscal plans are prepared and adopted, but their credibility and effectiveness are limited.** Strategic planning, policy priorities and performance information are not yet an integral part of the budget preparation, monitoring and reporting process.

Fiscal rules and an independent fiscal council have been established in the Republika Srpska (RS), but not at the State level and in the Federation of Bosnia and Herzegovina (FBiH). However, overall debt and deficit levels for BiH are within European Union (EU) benchmarks. Steps have been taken to develop the assessment of fiscal risks, but they are still in the early stages.

While there have been some recent developments to improve the relevant legal framework and arrangements for managing public investments, **large capital investment decisions generally lack independent and transparent appraisal of the costs and benefits.**

Tax collection is reasonably efficient, but the level of digitalisation is low. Treasury Single Account (TSA) systems are established with cash consolidation and bank-account reconciliation performed regularly. **Cash flow forecasting continues to be an area where improvements are required, and general government arrears is still an area where there is little clarity or information.** While the level of public debt to gross domestic product (GDP) is relatively low there is limited coverage of the debt of state-owned enterprises (SOEs) and the risks that it poses.

Deviations between budget plans and outturns indicate that budget credibility could be improved across BiH. **With respect to budget reporting and scrutiny, there are still weaknesses in the quality of in-year and annual reporting, and effective monitoring and reporting on fiscal risks is not in place.** Parliamentary scrutiny of in-year budget execution and annual financial statements continues to be limited.

The regulatory and operational framework for internal control in BiH is established, with comprehensive laws and guidelines across all four administrations, co-ordinated by Central Harmonisation Units (CHUs). Strategies are in place to guide its further development until at least 2025. **However, the practical implementation of internal control (IC) systems varies significantly**, with inconsistencies in policy application, risk management and adherence to guidelines across budget institutions. Additionally, there are gaps in compliance and transparency in managerial accountability and reporting on internal control and SOEs. The FBiH and the RS face greater implementation challenges due to the numbers of institutions required to implement IC systems, and there are challenges in managing and monitoring progress.

The regulatory framework for internal audit (IA) in BiH is largely complete and aligned with international standards, with support provided by CHUs and comprehensive professional development programmes in place. **However, there are gaps in implementation**, and the FBiH and the RS face significant gaps in quality assurance and methodological consistency. Across BiH, IA units face challenges in the level of staffing and comprehensive planning, and the implementation rate of IA recommendations remains low, limiting its impact. IA is not effectively established in Brčko District (BD).

Amendments to the Public Procurement Law (PPL), in force since 10 December 2022, aim to enhance transparency in the procurement process. Key changes include mandatory publication of procurement plans and contract modifications on the Public Procurement Portal, obligatory preliminary market analysis, enabling electronic conduct of direct agreements through the Portal, stricter conflict of interest provisions and the removal of exclusions for natural and legal monopolies.

In March 2024, the CoM of BiH adopted the new Public Procurement Strategy for 2024-2028 and its corresponding Action Plan. This strategy, developed through a **highly inclusive process** involving several public consultative meetings in 2023, outlines strategic priorities such as professionalisation, green and socially responsible procurement, digitalisation, transparency, integrity, quality, centralisation and access for small and medium-sized enterprises (SMEs). It also includes eight clear, relevant and measurable key performance indicators. However, early implementation stages have revealed gaps by all relevant institutions, particularly in the understanding and execution of its objectives.

The implementation of the amended PPL has faced significant challenges. The lack of transitional provisions has caused confusion regarding ongoing procedures, amendments to existing procurement plans and modifications to previously concluded contracts. Conflicting articles within the PPL about handling tenders that exceed planned budgets have created further uncertainty. The removal of monopoly exclusions has led to reluctance among service providers to participate, forcing contracting authorities to award essential service contracts outside the PPL framework.

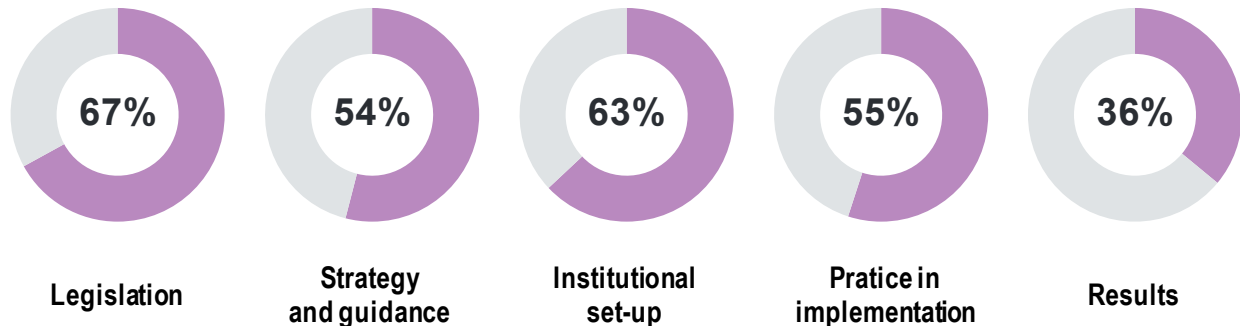
Procurement practices remain highly formalistic, with tender submission in traditional paper form and economic operators needing to gather original or certified copies of documents for each tender. Self-declarations, intended to simplify participation, have instead imposed additional costs. A substantial percentage of businesses avoid public procurement due to its bureaucratic nature, perceived bias and predetermined deals.

The Procurement Review Body (PRB) faces challenges with staffing, technical resources and a high volume of appeals. Issues with case law accessibility and prolonged judicial appeals further exacerbate inefficiencies. Additionally, the emergence of "professional appellants" exploiting legal loopholes disrupts procurement processes.

The regulatory framework for concessions and public-private partnerships (PPPs) remains fragmented and misaligned with basic European Union (EU) principles, lacking strategic planning and efficient review mechanisms. Activity in the PPPs/concessions area is very limited.

While the public procurement system has solid legal and institutional foundations (related to classical procurement), implementation is poor and has not yet led to significant improvement of the economy and efficiency of procurement operations (Figure 51).

Figure 51. Public procurement results by legislation, strategy, institutions, implementation and results



Notes: The results are grouped into five categories: 1) legislation, 2) strategy and guidance, 3) institutional set-up, 4) practice in implementation, and 5) results. The percentage in the centre shows the ratio of points in relation to the maximum.

The independence, mandate, and organisation of supreme audit institutions (SAIs) are not stipulated in the Constitutions, but they are clearly defined in SAI Laws, which set out their scope and operational framework. In recent years, improvements have been made in strategic planning and communication systems. **The SAIs conduct their mandatory audits in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) and carry out performance audits, although the number of these audits is limited due to resource constraints.** There are established processes for reporting and monitoring the implementation of recommendations, although the rate of implemented recommendations remains low. The SAIs actively engage with society, public institutions and non-governmental organisations (NGOs) to communicate their role and share the results of their work. However, the use of SAIs' audit reports by Parliamentary Committees to scrutinise the Executive is inconsistent, with limited follow-up mechanisms.

The legal framework in both Entities of BiH includes provisions to ensure the fiscal autonomy of municipalities. It introduces various revenue streams and sets specific criteria for resource allocation to municipalities. There is a comprehensive system for financial supervision and auditing. The lack of data on payment arrears raise concerns about the actual financial management practices at the local level. There is no institutionalised equalisation system for mitigating the existing disparities in the FBiH, while the current fiscal equalisation system in RS has not been effective. The complexity of multi-level governance in the FBiH significantly impacts transparency, information sharing, coherence and co-ordination.

Overall for the public financial management area, the existing legal framework, institutional set-up and related strategies and guidance are moderately in line with the Principles of Public Administration, while implementation practice and results in public financial management include more gaps and inconsistencies.

Figure 52. State of play in public financial management by type of criterion



Notes: The results are split. The first combines points from legislation, policy and guidance, and institutional set-up. The second aggregates points from implementation practice and results. The percentage in the centre represents the ratio of points in relation to the maximum.

Recommendations

1. The Council of Ministers (CoM) of BiH and the FBiH and BD Governments should introduce fiscal rules on general government debt and deficit limits and establish an independent fiscal monitoring body.
2. The Ministries of Finance (MoFs) should improve and develop the practices for assessment, management and monitoring of fiscal risks, in particular for contingent liabilities.
3. The CoM of BiH and the Entity Governments should recommit themselves to observing the budget calendar as set out in the respective budget laws, as the delays in finalising and adopting the Global Fiscal Framework, Budget Framework Papers (BFPs) and annual budgets undermine the budgetary system.
4. The CoM of BiH and the Entity Governments should strengthen the policy-basis of the BFPs, and strengthen the link between medium term budget ceilings and policy decisions.
5. The Entity Governments upon the initiative of the MoFs of the FBiH and the RS, and the Finance Directorate (FD) of the BD, should continue to propose legislative changes to bring all extra-budgetary funds (EBFs) and all proposed capital expenditure fully into the budget process, enhancing the coverage of the TSA, and publish monthly reports on budget execution according to the budget structure and coverage.
6. The CoM of BiH and the Entity Governments should aim to integrate the decision making and monitoring of investments fully into the budget process, continue to improve regulations and enhance the capacity to manage investments.
7. The MoFs should target the increase of capacities of the Treasuries to manage financial assets and cash-flow forecasting in a manner that all users of the TSA could use the funds allocated with the Annual Budget at any given time in a year, while at the same time managing interest and currency risks of financial assets and liabilities.
8. The administrations should effectively implement managerial accountability and internal control reporting across all Entities. This should include establishing clear reporting lines, delegating authority effectively and ensuring that all ministries and subordinate bodies submit annual plans and activity reports.
9. The CHUs should work with the Entities to develop and implement comprehensive risk management arrangements and ensure that risk management practices are consistently applied across the Entities.
10. The CHUs should ensure that robust IA quality assurance systems are developed and implemented across the BiH, aligned with international standards. They should also establish mechanisms that enforce the implementation of these frameworks, including regular internal and external assessments to ensure the effectiveness and credibility of IA processes.

11. The BD should develop the key guidance for IA, including the audit manual, standards, code of ethics and charter, and should establish an operational IA unit.
12. The institutions responsible for concessions and PPPs at the State and Entity levels should develop a roadmap for harmonising the legal framework on PPPs and concessions with the EU *acquis*. This roadmap should, *inter alia*, include measures for improved co-ordination and consistent application throughout BiH.
13. The Public Procurement Agency (PPA) should propose amendments to the primary and secondary legislation to fully integrate electronic communication and information exchange into the procurement process to enhance efficiency and reduce formalism. This includes enabling electronic submission of tenders, electronic verification of qualifications, and implementing dynamic purchasing systems and electronic catalogues.
14. While maintaining institutional independence, the PPA and the PRB should establish mechanisms to regularly co-ordinate the interpretation of procurement legislation, ensuring consistent application.
15. The PPA should undertake targeted training initiatives aimed at improving the quality and integrity of tender documents.
16. The PPA should facilitate the transition from the dominant use of the price-only award criteria by leading an extensive awareness campaign, building capacity and providing training for procurement officers to effectively implement non-price award criteria.
17. The PRB, in collaboration with the PPA, should modernise the search engine on the Public Procurement Portal. This enhancement should enable user-friendly and smart browsing of decisions by the PRB and the Court of BiH based on subject matter, keyword or legal provision.
18. The State level SAI should engage with the CoM or other pertinent authorities to agree on their competence and authority to conduct the audit of indirect taxes collected by the Indirect Taxation Authority and a small number of other institutions to ensure that they are subject to independent external audit.
19. The SAIs should strengthen their governance and management systems by approving developing measurable performance indicators as part of their planning processes and developing regular formal systems to monitor the implementation of strategic and annual plans.
20. The SAIs should ensure that they have appropriate quality management systems in place and compliant with the requirements of the revised ISSAI 140 on Quality Management.
21. The Parliaments should engage with the SAIs and ensure that they use the reports of the SAIs to enhance government accountability and effectively scrutinise the use of public resources by the respective administrations.
22. The governments in both Entities, working in close and permanent co-operation with lower levels of governance, should strengthen analysis and co-ordination to ensure collaborative, accurate and up-to-date calculation of the cost of performing duties and commensurate resources for municipalities through their funding framework.
23. Ministries of finance at the Entity level, in collaboration with local self-government (and the cantons in the FBiH) should improve public access to data of local government finances in order to allow timely oversight of financial management and enable public monitoring of local tax collection, as well as all relevant fees and charges.
24. In the FBiH, the Federal Ministry of Finance, in co-operation with the cantons should elaborate a full-fledged equalisation system to mitigate inequalities.
25. In the RS, the Ministry of Finance should increase equalisation funds or make other relevant adjustments in order to increase the currently marginal effects of the fiscal equalisation process.

Analysis

Budget management

Principle 23: The annual budget is comprehensive and formulated within a credible and rolling medium-term framework, balancing policy needs with fiscal constraints.

The legal framework for budget planning is reasonably strong and detailed. However, the budget calendar is not fully complied with, reducing the time available for parliamentary scrutiny. BFPs provide a medium-term perspective, but their effectiveness is limited, as ceilings included in them are changed during the annual budget preparation process. There are still gaps in the budget documentation provided, and there is a high number of first-level budget users. Fiscal rules and a fiscal council have been established in the RS but are still not in place at the State level and in the FBiH. Progress has been made in bringing EBFs within the budgetary parliamentary process, although a number of them are still outside it.

Indicator 23. The annual budget is comprehensive and formulated within a credible and rolling medium-term framework, balancing the policy needs with the fiscal constraints	2024 indicator value				40/100
	State level	FBiH	RS	BiH	
Sub-indicators	Points				
1. Budget calendar	2/5	3/5	4/5	3/5	
2. Preparation of the medium-term fiscal framework	4/15	6.5/15	6.2/15	5.6/15	
3. Strength of the medium-term budget framework	11.7/25	9/25	9/25	9.9/25	
4. First-level budget organisations	0/5	0/5	0/5	0/5	
5. Oversight of fiscal discipline by an independent institution	0/5	0/5	5/5	1.7/5	
6. Annual budget documentation	8/15	4/15	4/15	5.3/15	
7. Budget classification	2/5	2/5	3/5	2.3/5	
8. Planning and budgeting for capital investment projects	4/10	5/10	2/10	3.7/10	
9. Parliamentary scrutiny of the annual budget	4/10	6/10	2/10	4/10	
10. Public access to budget information	4/5	5/5	5/5	4.7/5	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise.

Despite there being four different PFM systems, in general the budget planning processes are reasonably similar and clearly defined through organic budget laws and annual budget circulars at the State and Entity levels. The calendars require the CoM or the respective government to adopt a three-year multi-annual plan, known as a BFP, at the mid-year point which establishes the broad outline of the budget and fiscal parameters for the next three-year period, followed by an annual budget by November, with the respective parliaments required to adopt it by December at the latest.²⁹⁹

The BFPs are supposed to be based on a Global Framework for Fiscal Balance and Policies (GFFBP) that is developed centrally and sets out the agreed countrywide macro-economic framework within which the individual BFPs are developed. The GFFBP would normally be developed early in the year to be followed by the BFPs in mid-year. Besides being the framework for the BFPs, the GFFBP also determines the

²⁹⁹ State Law on the Financing of the BiH Institutions, Official Gazette of BiH Nos. 61/04, 49/09 and 42/12; FBiH Law on the Budget, Official Gazette of the FBiH Nos. 102/13, 9/14, 13/14, 8/15, 91/15, 102/15, 104/16, 5/18, 11/19 and 99/19; RS Law on the Budget System, Official Gazette of the RS Nos. 121/12, 52/14, 103/15 and 15/16; and BD Budget Law, Official Gazette of the BD No. 17/08.

income from indirect taxes, which is a State-level responsibility. It determines allocation of the share of indirect tax to each Entity after first allocating revenue to the State level for the support of its institutions and payment of debt obligations of BiH. The co-ordination of the GFFBP is a mandate of the Fiscal Council,³⁰⁰ a co-ordinating body composed of the Chair of the CoM, the President of the RS, the Prime Minister of FBiH, and the Ministers of Finance from the State level, FBiH and RS, which is supported by an advisory body made up of representatives from the various MoFs and the Central Bank.

While the legal framework is established and regularly improved as required to support budget preparation, in practice, the budget calendar is not adhered to. The GFFBP 2024-2026 for BiH was only approved in early 2024, while the State-level BFP for 2024-2026 was still not approved a year after the deadline.³⁰¹ Furthermore, there has been temporary financing at the State level, as the Annual Budget Law has not been approved on time.³⁰² Temporary financing has been used in each year since the last SIGMA assessment.

In FBiH, there have also been delays. The Government is obliged to adopt the BFP by 30 June³⁰³ and the BFP of 2024-2026 was adopted on 4 July 2023. However, the annual budget for 2024 was not presented to the Parliament until January 2024, after the start of the budget year. In the RS, the BFP was adopted on 14 July, after the deadline,³⁰⁴ and the Annual Budget for 2024 was approved in December 2023, before the start of the budget year.

In the BD, the budget was also approved before the start of the budget year, but still not according to the Statute of the BD, which obliges the Assembly to adopt the BD budget at least thirty days before the end of each fiscal year.³⁰⁵ The annual 2024 budget law was adopted by the Parliament on 21 December 2023.

The credibility of the forecasts in the BFPs are variable across the State level, the FBiH and the RS. At the State level, there was no variation between the forecast expenditures in the BFP and the annual budget in 2023, but this reflected the fact that the BFP was only approved shortly before the annual budget. In the FBiH, the variation between the forecast expenditures in the BFP and the annual budget was 8.5%, and in the RS it was 3.9%. In the BD, ceilings are not included in the document presented as the medium-term fiscal framework. The successive BFPs at the State level and in the FBiH and the RS also do not tend to have consistent ceilings for the same year.

The involvement of the parliaments in medium-term fiscal planning is limited, with the focus still on the annual budget documents. Additionally, the parliaments are not given enough time to discuss and vote on the budget. For example, in the RS the budget was presented to the Parliament on 12 December 2023 and approved on 14 December 2023, and in the FBiH the budget law was presented on 24 January 2024 and adopted the day after. The amount of time available for parliaments to scrutinise the budget is very short and not in line with best practice, which states that at least three months should be foreseen for discussions in the Parliament.³⁰⁶

³⁰⁰ The Fiscal Council is not an independent watchdog, as is the case in some EU member countries. It is a co-ordinating body that establishes the basis for the State, the FBiH, the RS and the BD to frame their individual Budgets.

³⁰¹ Law on Financing of the Institutions of BiH, Article 5a. The CoM is obliged to adopt the Budget Framework Document by 30 June at the latest.

³⁰² The Budget of 2024 was not approved by the 30 June 2024 deadline. The Budget of 2023 was approved on 30 March 2023 (<http://www.sluzbenilist.ba/page/akt/PglDUhPq6vo=>) and the 2022 Budget on 30 June 30 2022 (<http://www.sluzbenilist.ba/page/akt/oruyMxUqogztz5k76kjn45ho=>).

³⁰³ Budget instruction No. 1; FBiH MoF, February 2024.

³⁰⁴ The government is obliged to adopt the Budget Framework Document by 30 June at the latest, Law on Budget System of the RS, Article 21.

³⁰⁵ By 1 December the Assembly adopts the budget, Law on Budget of BD, Article 37.

³⁰⁶ OECD (2002), "OECD Best Practices for Budget Transparency", *OECD Journal on Budgeting*, vol. 1/3, p.3, OECD Publishing, Paris, <http://dx.doi.org/10.1787/budget-v1-art14-en>.

There is still no consistent approach to fiscal rules across BiH. At the State level, there is a rule on debt (the amount of servicing of long-term debt due in any subsequent year should not exceed 18% of regular revenues generated in the previous fiscal year³⁰⁷) but no fiscal rule for the deficit, and in the FBiH there is a rule on the deficit (balance of the budget must be positive or equal to zero), but no rule for total debt. However, in the RS fiscal rules are in place (the deficit is to be no more than 3% and the debt no more than 55% of GDP), and an independent fiscal council has been established. According to the latest report on the implementation of the Law on Fiscal Responsibility prepared by the Fiscal Council, the debt rule has been complied with, but there have been deviations in the deficit rule, including in 2020 when the deficit was 5.7% and in 2022 when the deficit was 3.3%. According to the Law on Fiscal Responsibility, if the consolidated budget deficit at the end of the fiscal year reaches 2.5% of the realised GDP in that year, the budget for the following year must have a budget surplus. Under this rule, the budgets of 2021 and 2023 should have been in surplus, when in fact they were in deficit.

At the State Level and in the FBiH and the BD, independent fiscal councils have not been established to support fiscal policy development and implementation. As for fiscal policy goals, the BFPs appear to present projections rather than actual targets linked to budgetary decisions. Key indicators, such as general government deficit and debt as a share of GDP, are not an integral part of the relevant information presented in the BFPs.

The assessment of fiscal risks is still developing. In the RS, a short chapter on risks to the realisation of macroeconomic projections and revenue projections is included in the BFP, and a first report on fiscal risks of public companies for 2022 was completed in the third quarter of 2023 that addresses the fiscal risks of 20 public enterprises of special interest. In the FBiH and at the State level, elements of fiscal risk assessment from the macroeconomic and revenue collection perspective are included, but it is not a comprehensive analysis. Contingent liabilities are not included in any of the BFPs.

The budget documents contain macro-economic forecasts and details of the allocation of funds to budget users. However, they do not provide an estimate of the budget outturn for the current year, or information on tax expenditures or new policies, information about long-term revenue and expenditure (greater than five years), information on contingent liabilities or any debt target set for the coming year. Additionally, they do not include any non-financial performance information or any information on the impact of the budget on climate or gender issues. The annual budget is classified according to administrative and economic classification, and functional classification (based on the Classifications of the Functions of Government) is partly in use as well.

The coverage of the budget has improved, as the share of extra-budgetary funds has decreased and different funds are gradually being included in the budget. The number of first-level budget users is high, as there is a need to clarify the role of line ministries within the budget process.

BFPs at the state level and in the FBiH, the RS and the BD do not include sectoral policy information, and the link with strategic planning is very weak. Budget ceilings are determined by the BFP in the RS, the FBiH and the BD, whereas at the State level the BFP has not been approved on time or before the beginning of the budget year, limiting its mid-term perspective.

Across BiH, the share of capital expenditures grew from 3.5% of GDP in 2022 to 3.9% of GDP in 2023 (with estimated additional growth to 4% of GDP in 2024). Increasing the share of public investments in GDP is one of the priorities of institutions at all levels in BiH. In the area of capital investment management, some recent improvements have been made. In the FBiH, the Government adopted a decree on the manner and criteria for the preparation, development and monitoring of the implementation of public investment programmes, and the MoF issued guidelines for project evaluation. The RS also indicated its intention to finalise a regulation that improves the management of investments as, according to the International Monetary Fund's recent Public Investment Management Assessment report,³⁰⁸ there is no legally mandated mechanism, methodology or support for the systematic appraisal of major projects, no oversight of major projects, and no *ex post* reviews conducted.

³⁰⁷ Law on Borrowing, Debt, and Guarantees of BiH, 2005, Official Gazette of BiH, 52/05, 103/09, and 90/16, Article 15.

³⁰⁸ IMF (International Monetary Fund) (2024), Technical Assistance Report: Bosnia and Herzegovina - Republika Srpska: Public Investment Management Assessment, <file:///C:/Users/copel/Downloads/TAREA2024033.pdf>,

There are different practices for capital investment planning at the State level and in the FBiH, the RS and the BD. Investment planning is linked with the budget calendar but is not fully integrated into the budget processes.³⁰⁹ There are separate committees established to decide upon the capital investment plans in the RS³¹⁰ and the FBiH, but public investments are not always part of the budget, investment decisions taken are not always linked to strategic goals of the Government, and not all decisions (especially loan-funded investments) are made within the budget process. Additionally, associated operational and maintenance expenditures are generally not estimated or taken into account while preparing the budget. Large capital investment decisions still generally lack independent and transparent appraisal of the costs and benefits, which could put a strain on the budget in the future.

The governments publish a citizen-friendly overview of the budget, but these papers are finalised after the budgets have been approved. In RS the overview was published on the website of the Ministry of Finance on 29 February 2024, but for FBiH, an overview for 2024 was still not available in June 2024. At the State level, the 2024 budget was still not approved by the end of June, but previous budget overviews for citizens have been made public in November or December³¹¹ of the budget year. In the BD, the 2024 Budget overview was published on 13 June 2024.³¹²

³⁰⁹ In the Law on Budget System of the RS, Articles 21 and 36 define the budget calendar and a calendar for the preparation of the Public Investment Programme (PIP). FBiH Budget instruction No. 1 does not include the process of PIP, which is regulated in the Decree on the Manner and Criteria for the Preparation, Development, and Monitoring of the Implementation of Public Investment Programmes (Article 6), and the deadlines differ.

³¹⁰ In the FBiH: Decree on the Manner and Criteria for the Preparation, Development, and Monitoring of the Implementation of Public Investment Programmes, Article 5 of 18 January 2023 appointing the Commission for the Selection of Priority Projects. In the RS: The commission consists of seven members with the president (Prime Minister) and six other ministers: Energy, Transport, Health, Education, Finance and Internal Affairs.

³¹¹ [MoFT of BiH, Budget for Citizens of the institutions of BiH and international obligations of BiH, https://www.mft.gov.ba/Content/Read/budzet-za-gradjane-institucija-bosne-i-hercegovine-i-meunarodnih-obaveza-bosne-i-hercegovine.](https://www.mft.gov.ba/Content/Read/budzet-za-gradjane-institucija-bosne-i-hercegovine-i-meunarodnih-obaveza-bosne-i-hercegovine)

³¹² Government of BD of BiH, "Budget for citizens published", [https://vlada.bdcentral.net/publication/read/objavljen-budzet-za-gradjane-2024.](https://vlada.bdcentral.net/publication/read/objavljen-budzet-za-gradjane-2024)

Principle 24: The government supports budget implementation and service delivery by ensuring liquidity in the short and medium term.

Tax collection is reasonably efficient, but the level of digitalisation is low. A TSA system is established at the State level, in the Entities and the BD, with cash consolidation and bank-account reconciliation performed regularly. Cash flow forecasting continues to be an area where improvements are required, and there is little clarity or information on general government arrears. While the level of public debt to GDP is relatively low, there is limited coverage of the debt of SOEs and the risks that it poses.

Indicator 24. Budget implementation and service delivery is supported by cash availability in the short and medium-term		2024 indicator value			
		State level	FBiH	RS	BiH
		60/100			
Sub-indicators		Points			
1.	Efficiency of tax collection	ii	5/10	4.9/10	4.9/10
2.	Effectiveness of tax collection	8/15 ⁱⁱ	14.8/20	12.3/20	13/20
3.	Treasury/cash management	10/10	10/10	10/10	10/10
4.	The reliability of financial data is supported regular reconciliation of accounting information	1/5	2/5	2/5	1.7/5
5.	Cash flow management	4/5	4/5	3/5	3.7/5
6.	Commitment controls are established	6/9 ⁱⁱ	7/10	7/10	7/10
7.	Management of expenditure arrears	10/10	4/10 ⁱ	5/10	6.3/10
8.	Debt management	6/8 ⁱⁱ	2/8 ⁱⁱ	6/8 ⁱⁱ	5.7/10
9.	Government debt risk mitigation	2.7/8 ⁱⁱ	4.7/10	2.3/10	3.6/10
10.	Reporting on public debt	4/10	4/10	4/10	4/10

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise. (i) = data not available or not provided. (ii) = data not applicable.

Tax collection in BiH shows strengths and weaknesses. The cost of tax collection is low, with the ratio of aggregated tax administration costs to revenue collected at 0.8% in the FBiH and 1.6% in the RS. Both the RS and the FBiH have a plan in place to enhance tax compliance, while the general digitalisation of tax administration is rather low, and in the BD it is not currently possible to submit digital declarations.

The revenue projections included in the annual budgets have tended to be quite conservative, as the generated public revenues in the FBiH and the RS have systematically exceeded projections, including in 2023. Fiscal developments that differed from the initial projections resulted in the adoption of budget rebalances at practically all levels of government in BiH in 2023. In 2023, the BD adopted a budget rebalance in September, the FBiH at the end of October and the RS at the beginning of November. At the State level, no budget rebalances were made in 2023 and, according to the Annual Reports of 2022 and 2023, the indirect tax collection in comparison to the adopted budget has been 100%.³¹³ Consolidated revenues at the BiH level amounted to about BAM 20.3 billion, which is a 4.4% increase compared to the originally adopted budgets.

At the State level as well as in the FBiH, the RS and the BD, TSAs are established and the relevant regulations are in place. The TSAs cover all central government institutions, and a common information system is used for Treasury functions at the State level and in the FBiH and the RS. There is an ambition to improve the coverage of the TSA to include all budget users.

³¹³ Budget Execution Reports 2022 and 2023, Chapter 2.1, <https://www.mft.gov.ba/Content/Read/izvrsenje-izvjestaji>.

Cash flow forecasts are prepared at the State level as well as in the FBiH, the RS and the BD for the entire budget year, based on expenditure and revenue forecasts received from all first-level budget organisations. Most of the cash flows are regular and monthly, as the level of capital expenditures is relatively low, with approximately 80% of the budget seen as being regular operational expenditure. Capital expenditure outflows tend to emerge in Quarter 4 (due to tenders etc). Cash flow plans are based on organisational classification and not by economic classification, and forecasts are not broken down into broad categories such as pay and non-pay expenditure, capital and own resources. MoFs set monthly or quarterly budget ceilings for budget organisations in the FBiH, the RS and the BD, restricting their ability to spend funds allocated to them by the annual budget over the full year and impacting effective budget implementation.

Commitment control systems are implemented at the State level as well as in the FBiH, the RS and the BD. The systems are managed and enforced at the central level by the (MoF, except for the RS, where each individual budget organisation is responsible for implementing and enforcing its own commitment control system. With respect to arrears, the information is inconsistent. At the State level and in the BD, there are no arrears, and in the FBiH, the RS and the BD at the central government level, the amount of arrears is small.³¹⁴ However, in line with the last assessment, general government arrears are still an area where there is little clarity or information. The RS and the FBiH had an IMF-supported project on this, and general government arrears are estimated³¹⁵ at around BAM 1.7 billion.³¹⁶

The practice of preparing an annual rolling debt management strategy exists at the State level and in the FBiH, the RS and the BD, but with significant delays. At the State level, the latest available strategy is for the years 2022-2025 and, according to the administration, the strategy for 2023-2026 is currently being prepared. In the RS, the strategy for 2023-2025 was approved in 2024, whereas the situation was slightly better in the FBiH, with the strategy for 2023-2025 being approved in September 2023. Considering the actual dates of approval of these documents, the value of these strategies as actual decision-making instruments is limited and therefore undermines their role.

Regulations on debt management are in place, with the responsibility for the debt management function a competence of the MoFT at the State level.³¹⁷ The MoFs in the FBiH and the RS and the FD in the BD carry out domestic borrowing, and cantons and public enterprises can also borrow. Municipalities in the RS and the FBiH have limits to borrow set by law, although it was indicated that there have been instances when the regulations have not been adhered to. No clear goals on general government debt level exist, with the exception of the RS. The main management instrument appears to be the servicing of debt, while decisions to borrow are not clearly linked to budgetary decision making and no limits for annual borrowing and state guarantees are set within the annual budget law.

In the RS, the most recent report on debt was approved by the Assembly on 20 July 2023, with the debt balance as of 31 December 2022,³¹⁸ whereas the FBiH 2023 debt report was available as of March 2024.³¹⁹ State-level reports on debt data are released quarterly (latest available information as of 30 June is about the first quarter of 2024), while the analytical annual report for 2023 is not finalised yet.³²⁰ The reports include information on the stock and structure of external and internal debt, and local municipalities' debt situation in the FBiH and the RS is also covered, as are the social security funds at the State level and in the RS. The BD reports on debt as part of its Annual Report.

The general government sector debt (State and Entity levels) is estimated to be BAM 12.9 billion at the end of 2023, or 26.7% of GDP. Of this, 68.9% (BAM 8.9 billion) is foreign debt, with 31.1% (BAM 4 billion)

³¹⁴ Public Expenditure and Financial Accountability (PEFA) Report, PEFA Secretariat, November 2023.

³¹⁵ IMF, Article IV Mission Report, 2023.

³¹⁶ SOEs' arrears account for BAM 1.2 billion in the FBiH, while health sector arrears are around BAM 400 million in the RS and BAM 112.5 million in the FBiH.

³¹⁷ Law on Debt, Borrowing and Guarantees of BiH, 2005, Official Gazette Nos. 52/05, 103/09, and 90/16, Article 4.

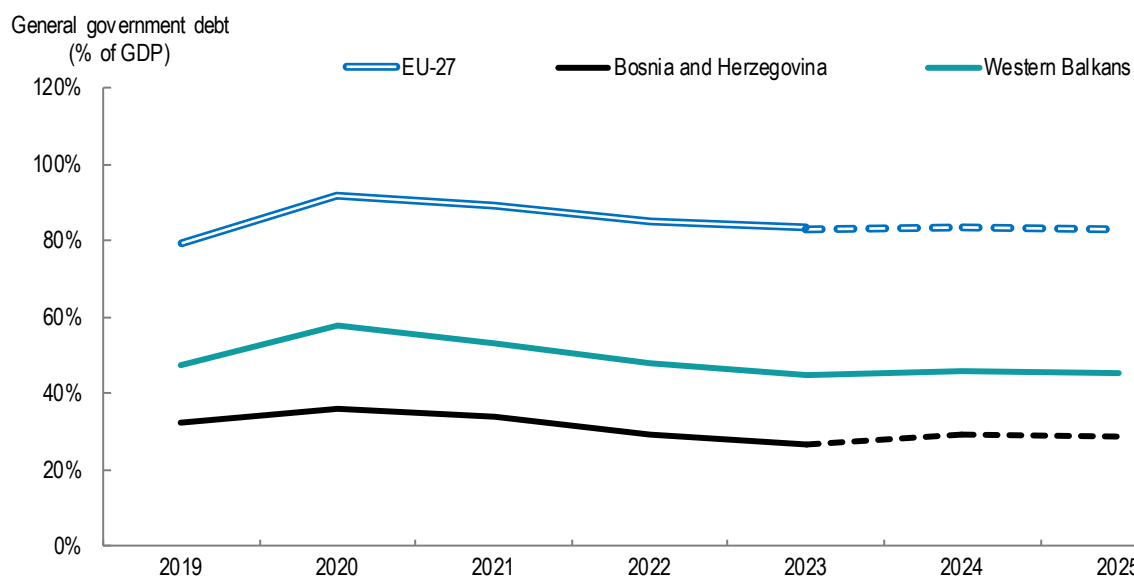
³¹⁸ Available at: <https://vladars.rs/sr-SP-Cyrl/Vlada/Ministarstva/mf/PPP/ud/Pages/default.aspx#collapsible1>

³¹⁹ Available at: <https://www.fmf.gov.ba/Content/Read/informacija-o-dugu>

³²⁰ Available at: <https://www.mft.gov.ba/Content/Read/informacije-o-javnom-dugu>

domestic debt. At the Entity level, 80.35% of FBiH's debt is foreign, and in the RS, 59.9% of its debt is foreign. Across the administrations, the level of debt as a percentage of GDP is not high. As of 30 September 2023, the external debt at the State level was BAM 45.2 million or 0.1% of BiH's GDP. In the FBiH, it was BAM 6.0 billion or 18.8% of the FBiH's GDP; in the RS it was BAM 5.3 billion or 34.2% of the RS's GDP; and in the BD it was BAM 46.19 million, which is 4.2% of the BD's GDP.³²¹ Overall, debt is among the lowest in the region; it is only lower in Kosovo* (Figure 53).

Figure 53. Debt development in comparison to the region



Source: IMF database (2013-2018) and EU Candidate Countries' and Potential Candidates' Economic Quarterly, 2nd Quarter 2024 (2019-2025).

³²¹ Economic Reform Program 2024-2026.

Principle 25: The government implements the budget in line with estimates and reports on it in a comprehensive and transparent manner, allowing for timely scrutiny.

Budget credibility across BiH is mixed, with the revenue plans tending to be conservative, opening the possibility for budget amendments. In-year reporting is a mixture of monthly and quarterly across BiH, but detailed data is lacking at the level of budget users in the reporting of the FBiH and the RS. Apart from the RS, fiscal rules and targets are not established, although debt and deficit levels for BiH overall are within EU benchmarks. Effective monitoring and reporting on fiscal risks is not in place. Annual reports contain some information but are not expansive, and parliamentary scrutiny of in-year budget execution and the annual financial statements is limited.

Indicator 25. The government implements the budget in line with estimates and reports on it in a comprehensive and transparent manner, allowing for timely scrutiny		2024 indicator value				43/100
		State level	FBiH	RS	BiH	
Sub-indicators		Points				
1.	Budget execution in line with appropriations	11.4/17 ⁱⁱ	9.6/20	6.8/20	9.3/20	
2.	Fiscal targets	6.4/12	4/12	9.7/12	6.7/12	
3.	In-year reporting of government revenue, expenditure and borrowing	5/8 ⁱⁱ	0/10	3/10	2.7/10	
4.	Clear accounting standards and consistency with international standards	4/8	4/8	8/8	5.3/8	
5.	Content of the annual financial report of the government	5/8	2/8	4/8	3.7/8	
6.	Reporting on capital investments	4.1/9	2/9	1/9	2.4/9	
7.	Monitoring and reporting on fiscal risks	0/9	0/9	1.5/9	0.5/9	
8.	Annual reports of state-owned enterprises, extra-budgetary funds and local government	2/4 ⁱⁱ	4/10	4/10	4/10	
9.	Transparency and quality of the annual financial report	13/14	1/14	11/14	8.3/14	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise.
(ii) = data not applicable.

At the State level, the average variance of the actual revenue outturn against budgeted targets from 2021 to 2023 was 5.2 %, and actual expenditures were on average 7.2% lower than planned, which indicates relatively good performance. However, this is influenced by the fact that the budget is not approved on time, and therefore the predictability of revenues is higher, as several months of the budget year have already passed and actual data on tax collections is available. Conversely, the late adoption of the budget impacts the opportunities to use budget funds, especially for investments.

Across the FBiH, the RS and the BD, the picture in terms of budget credibility over the period 2021 to 2023 is mixed. In the RS, actual revenues were on average 10.1% higher and expenditures 7.9% higher than planned for the period. In the FBiH, budget revenues exceeded the initially planned levels by 18.9% on average over the past three years, and expenditures were on average 10% lower than expected. In the BD, revenues exceeded expectations by 7.8%, and budget users spent in practise 4.7% less funds than available for them.

The budgets are relatively detailed, and the number of budget users is high, but a rather high level of flexibility is provided. For example, at the State level, at the written request of the budget user, the MoFT can make a decision on the restructuring of expenditures, without any limitations within the total amount approved in the budget for that budget user. Within the budget, redistribution of funds is exceptionally allowed between budget users, if approved by the CoM, upon receipt of the opinion of the MOFT, although the funds for Parliamentary Assembly, the Constitutional Court and other judicial institutions of BiH, and

the BiH SAI cannot be reallocated.³²² These regulations decrease the need for numerous in-year budget amendments but potentially limit the credibility of the budget, predictability of expenditure and the impact of parliamentary scrutiny. In the RS and the BD, there are also no specific limits on in-year budget adjustments by the government or the MoF, and in the FBiH adjustments can be made up to 10%.

In-year reporting practices of budget revenues and expenditures vary across BiH. At the State level, reports are published quarterly and in a systematic manner, and in the RS in-year reporting is systematic with monthly and quarterly reports being prepared. In the FBiH, reporting is quarterly, although the publication of the reports has been irregular. The latest publicly available report is for the second quarter of 2023, and for previous years only annual data is available. In the BD, no reports are made public, but quarterly reports are presented to the Assembly. The structures of the reports also differ across the administrations, with the State level presenting information that includes administrative classification (budget users), while the RS and the FBiH only present economic classification information. With regard to local government, the data in the RS and FBiH reports include local self-government units, but as there is no administrative classification, local government transactions cannot be differentiated.

In-year reports are not published within four weeks at the State level or in the FBiH, the RS and the BD, and they do not include any explanatory notes except for the State level, which publishes rather comprehensive explanatory documents. In the RS and the FBiH, the scope of the reports is wider than the approved budget, which in a way is a positive situation, as information is presented about the funds that are not part of the budget. However, on the other hand, this makes comparative analysis with the initially approved budget more challenging and impacts budget transparency.

Annual financial statements are prepared at the State level and in the FBiH, the RS and the BD and are subject to audit by the relevant SAI, with the statements receiving qualified audit opinions from the SAIs in recent years. At the State level³²³ and in the FBiH,³²⁴ the 2023 annual reports were available to the public within six months from the end of the year. The RS published its Annual Report in July 2024,³²⁵ and the 2023 report for BD has still not been published.³²⁶

The quality of the reports varies. At the State level, the reports enable comparative analysis, with the budget covering administrative and economic classification and providing explanations for deviations. The RS report provides information on revenues and expenditures according to the administrative and economic classification, but the comparison, if provided, is made with the execution from previous year, not with the approved budget. The FBiH report focuses on economic classification and does not provide comprehensive information according to the administrative classification (or explanatory information about deviations).

Additionally, the annual reports in BiH do not provide non-financial performance information linked with budget appropriations, comparing actual performance with intended targets. The environmental, social, and economic impacts of policies, procurements and operations are also not part of the annual reporting scope either.

With respect to local authorities, in the FBiH and the RS, data are included in the quarterly reports, but no separate consolidated reports are prepared for the local authorities. The State level and the BD have no local administrations.

In relation to SOEs, none of the MoFs publish financial information on the SOEs individually or on a consolidated basis. In the FBiH and RS, the SOEs are required to submit financial information to the Unified

³²² Law on Financing of the BiH Institutions, Article 16.

³²³ Available at: <https://www.mft.gov.ba/Content/Read/izvrsenje-izvjestaji>

³²⁴ Available at: <https://www.fmf.gov.ba/Content/Read/izvjestaji-o-izvrsenju-budzeta>

³²⁵ Available at <https://vladars.rs/sr-SP-Cyrl/Vlada/Ministarstva/mf/PPP/Pages/Budzet.aspx#collapsible0>

³²⁶ Available at <http://www.vlada.bdcentral.net/Content/Read/dokumenti-budzet>

Register of Financial Statements.³²⁷ At the State level, reports from the SOEs are submitted to the relevant line ministry, the CoM and/or the Parliament.

EBFs are not subject to reporting to MoFs, but in the FBiH and the RS, these funds are included in the quarterly reports published by the MoF. In the FBiH, the quarterly reports include EBFs. Information about nominal levels of debt and deficit is provided in BFPs, while the Economic Reform Programme of BiH 2024-2026 is the only document providing information on debt and deficit according to EU benchmarks. For BiH overall, according to the IMF,³²⁸ the debt level will, over the medium-term, remain well below EU benchmarks, with it predicted to be around 34% to 36% of GDP in 2024-2026, while the deficit will widen to 2.5% of GDP in 2024 from 0.75% in 2023.

General government debt and deficit levels (based on EU benchmarks) are not clearly included in national fiscal targets at the State level, in the FBiH and the BD. In the RS, fiscal targets and rules are clearly established and the debt rule has been complied with, while there have been some challenges in meeting the deficit rule (below 3% and if the consolidated budget deficit at the end of the fiscal year reaches 2.5% of the realised GDP in that year, the budget for the following year must have a budget surplus). However, the Fiscal Council is active and has also proposed a Fiscal Consolidation Programme which, according to Article 8 of the Law on Fiscal Responsibility is obligatory: "If one of the general fiscal rules is not complied with, the Government is obliged to prepare and submit to the National Assembly the Fiscal Consolidation Program, with the opinion of the Fiscal Council, which will define the measures and period for returning to the framework of the rules prescribed by this law."

Some elements of fiscal risk reporting have been established. For example, in the RS, the Department for Macroeconomic Analysis and Policy is responsible for fiscal risk monitoring and reporting. However, no coherent fiscal risk reporting is in place across BiH, with contingent liabilities being covered to a degree in annual reports.

³²⁷ For legal entities (such as SOEs) in which the RS has control or significant influence, the value of capital/net assets are included through the value of capital/net assets in the consolidated balance sheet of the Government.

³²⁸ IMF, Article IV Mission, Concluding Statement, 2024.

Internal control and audit

Principle 26: Public administration bodies manage resources in an effective and compliant manner to achieve their objectives.

The regulatory framework for internal control in BiH is well established with comprehensive laws and guidelines across all four administrations, co-ordinated by CHUs that facilitate reforms and monitor compliance through annual reports. Despite a solid framework, the practical implementation of internal controls varies significantly, with inconsistencies in policy application, risk management and adherence to guidelines across different institutions. Additionally, there are gaps in compliance and transparency in managerial accountability and reporting on internal control and SOEs, with significant room to improve procedures and enhance oversight to increase effectiveness and risk mitigation.

Indicator 26. Adequacy of the operational framework for internal control and its functioning in practice	2024 indicator value				31/100
	State level	FBiH	RS	BiH	
Sub-indicators	Points				
1. Regulatory framework and development policy for internal control	8.8/10	7/10	7.6/10	7.8/10	
2. Co-ordination of internal control	10/10	10/10	7/10	9/10	
3. Adequacy and effectiveness of management and control systems in place	3/14 ⁱⁱ	4/14 ⁱⁱ	4/14 ⁱⁱ	4.4/15	
4. Managerial accountability	3.2/11 ⁱⁱ	2/11 ⁱⁱ	2/11 ⁱⁱ	5.7/15	
5. Reporting on internal control	0/10	0/10 ⁱ	0/10	0/10	
6. Regularity and completeness of risk management practices	0/15	0/15 ⁱ	0/15	0/15	
7. Institutional accountability	3.2/12	1.6/12	4.2/12	3/12	
8. Irregularity and fraud management	0/11 ⁱⁱ	0/11 ⁱⁱⁱ	0/11 ⁱⁱ	1.5/13	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise.

(ii) = data not applicable. (iii) = data not available or provided and partially not applicable.

The regulatory framework for internal control is well established across the State level, the FBiH, the RS and the BD, with comprehensive laws and guidelines.³²⁹ Each administration has developed specific laws and regulations for internal control, and CHUs have been established in the four administrations to co-ordinate reforms and facilitate effective internal control systems. The CHUs play a crucial role in consolidating annual reports on Public Internal Financial Control (PIFC), offering guidance, and supporting compliance with regulatory requirements. A co-ordination board meets periodically to harmonise PIFC policy across BiH. A notable area of progress is the introduction of an automated PIFC application that aims to significantly facilitate the monitoring processes for CHUs and processes for internal control at the Entity level, including risk management. The practical implementation of this application is in its initial phase and, despite some start-up problems, it shows a positive trajectory.

Annual reporting on internal control implementation is mandated by law across all four administrations, resulting in generally high compliance rates, although the effectiveness of these reports varies. These

³²⁹ At the State Level: Law on Financing of BiH Institutions, Official Gazette of the FBiH Nos. 61/04, 27/08, 49/09, 42/12, 87/12, 32/13 and 38/22. In the FBiH: Rulebook on Financial Management and Control in the Public Sector in the FBiH, Official Gazette of the FBiH Nos. 6/17 and 3/19. In the RS: Law on the System of Internal Financial Control in the RS, 2016. In the BD: Decision on Establishment and Implementation of the System of Internal Control in the Public Sector of the BD of BiH, Official Gazette of BD of BiH No. 40/22.

reports include comprehensive summaries of self-assessments. The establishment of risk co-ordinators and working groups for internal control in several institutions has enhanced internal communication and co-ordination of internal control within public sector organisations.

Despite having a solid regulatory framework in place, the practical implementation of internal controls in BiH lags behind. The adequacy and effectiveness of management and control systems vary significantly across the State level and in the FBiH, the RS and the BD.

While each administration within BiH has comprehensive plans³³⁰ for strengthening internal control, the implementation of these plans is inconsistent and faces challenges. For example, the FBiH's strategy includes detailed guidelines, but their application across various administrative levels remains uneven. Similarly, the RS has measures to improve finance unit capacities, yet their full operationalisation is still pending. Additionally, the overall co-ordination and execution of these reforms require more effective oversight to ensure sustained progress and effectiveness. Governments issue conclusions requiring specific action to improve internal control, although in the RS these are not accompanied by specific actions based on the PIFC report.

Accountability and reporting lines for regular and confidential information have been established, but their effectiveness is uneven. For instance, the State MoF and the RS MoF provide regular, detailed reports on budget execution and risk management, while some ministries in the FBiH and departments in the BD fail to do so.

Commitment controls to ensure adherence to budgets are established across the administrations, and this is supported by the limited amount of payment arrears across the administrations at a central government level.³³¹ Asset information is not consistently updated annually, particularly in the RS and the BD. Furthermore, the perceived usefulness of IA recommendations by senior and middle managers at the State level and in the FBiH and the RS is reasonably positive, indicating that they have the potential to be impactful and lead to internal control improvements³³²

Reporting on internal control varies significantly across different administrations. Additionally, in the State-level institutions, only three out of five institutions confirmed that regular information for senior management includes non-financial performance information.

In terms of managerial accountability, regulations and procedures are mostly in place, but the actual delegation of authority is not yet well established. This lack of delegation is particularly evident in the FBiH and the RS, where clear reporting lines and the division of responsibilities remain underdeveloped. The institutional accountability within budget co-ordination and reporting processes in BiH involves ministries co-ordinating budget preparation within their sectors, requiring subordinate bodies to submit annual plans and activity reports to the ministry. However, the high number of first-level budget users that are not ministries or constitutional bodies³³³ limits the co-ordinating and monitoring role of line ministries. In the FBiH and the RS, reviews found that none of the sampled bodies submitted annual plans and activity reports, indicating a gap in compliance. Across the four administrations in BiH, there was inconsistency in meeting this requirement.

³³⁰ At the State level: PFM-strategy 2021-2025, PIFC-strategy 2020-2025 and PIFC Action Plans for the years 2022 and 2023. In the FBiH: Strategy for the Development of the System of Internal Financial Controls in the Public Sector in the FBiH 2021-2027, with the accompanying Action Plan (PIFC Strategy 2021-2027). In the RS: PFM Strategy and PIFC Strategy 2021-2025. In the BD: Strategy for the Development of the System of Internal Financial Controls in the Public Sector of the BD of BiH for the Period 2021-2025, Public Finance Management Reform Strategy in the BD of BiH for the Period 2021-2025, with Action Plan.

³³¹ Public Expenditure and Financial Accountability Report, PEFA Secretariat, November 2023.

³³² According to the SIGMA Survey of Public Servants on the functioning of public administration 2024, the percentage of senior and middle managers agreeing that these recommendations contribute to improving organisational functioning is between 60% and 69% across administrations.

³³³ 58 at State level, 40 in the FBiH and 102 in the RS.

Regarding SOEs, annual business plans and key financial performance indicators for SOEs should ideally be agreed upon with the ministry, but this was not met by any of the sampled institutions in the FBiH and the RS. Furthermore, the central government of BiH does not publish any annual consolidated report on the financial performance of the SOE sector, highlighting a significant gap in transparency and accountability.

The ability of the internal control systems to mitigate risk and ensure that organisational objectives are achieved is inconsistent. The implementation of risk management practices is notably weak, with several sample institutions lacking comprehensive risk registers or failing to assess risks annually. For example, the MoFT at the State level and the MoF in RS have established risk registers and conduct annual risk assessments, whereas sampled ministries in the FBiH and in the BD do not.

Irregularity and fraud management in BiH shows variability across the administrations. In the FBiH, only three out of five sample institutions have clear procedures for reporting irregularities and suspected fraud. The MoFT, the Ministry of Justice, and the Ministry of Civil Affairs have established rulebooks detailing the internal reporting of corruption and protection for whistleblowers. However, other administrations either did not provide evidence or mentioned that their integrity policies are still under development. As a result, the consistency and effective implementation of these procedures across all administrations remain inadequate. Furthermore, mechanisms for co-ordination and co-operation in irregularity management, for the better use of the information as a tool to improve financial management and control, are not in place, highlighting the need for stronger measures and enforcement.

Principle 27: Internal audit improves the management of public administration bodies.

The regulatory framework for internal audit in BiH aligns with international standards, but its adequacy and effectiveness vary across Entities. While there is a strong framework across all entities, supported by CHUs and comprehensive professional development programs, the FBiH, and the RS face significant gaps in quality assurance and methodological consistency. Despite general adherence to independence and objectivity principles, IA units across BiH exhibit challenges in staffing, comprehensive planning and effective implementation of audit recommendations, highlighting a need for improved processes and more thorough external validation. Internal audit has not been established in the BD.

Indicator 27. Adequacy of the operational framework for internal audit and its functioning in practice		2024 indicator value				65/100
		State level	FBiH	RS	BiH	
Sub-indicators		Points				
1.	Adequacy of the regulatory framework for internal audit	10/10	10/10	10/10	10/10	
2.	Co-ordination, development and guidance of the internal audit system	9.7/10	10/10	6.2/10	8.6/10	
3.	Organisational capacity for internal audit	5.5/10	2.7/10	0.8/10	3/10	
4.	Independence and objectivity of internal audit	ii	ii	ii	12.1/15	
5.	Strength of planning of internal audit in budget organisations	6/10	5.5/10	6.5/10	6/10	
6.	Quality of audit reporting	0/6 ⁱⁱ	1.5/6 ⁱⁱ	0/6 ⁱⁱ	3.2/10	
7.	Follow-up and implementation of audit recommendations	13.4/15	11.6/15	10.4/15	11.8/15	
8.	Certification and professional development	10/10	5/10 ⁱ	10/10	8.3/10	
9.	Existence of a system for quality assurance of internal audit	7/10	0/10	0/10	2.3/10	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise.

(i) = data not available or not provided. (ii) = data not applicable.

The regulatory framework for internal audit in BiH is generally well established, with laws and regulations that align with international standards. The framework ensures the functional independence of IA units and

defines their roles, responsibilities, and organisational requirements. However, there are notable differences in the adequacy and effectiveness of this framework across different Entities within BiH. At the State level, the regulatory framework is well defined and well-co-ordinated, supported by comprehensive legislation³³⁴ and a CHU that provides methodological guidance and ensures compliance with international standards.³³⁵ Similarly, in the FBiH³³⁶ and RS³³⁷ the frameworks are strong, with the CHU playing a crucial role in training, updating guidelines and maintaining alignment with global best practices, although in the RS there is a gap in the comprehensive coverage of quality assurance processes. Co-ordination activities exist, but the implementation of planned activities and adherence to methodological guidelines require improvement. The situation in the BD is more challenging, with a foreseen central IA unit in the MoF that is not yet operational. Despite having a legal framework³³⁸ and a Strategy for the Development of the System of Internal Financial Controls, the BD lacks functional internal audit co-ordination and development mechanisms.

Across all Entities in BiH, there are formally approved and up-to-date plans for the development and improvement of IA, embedded within broader PIFC and PFM strategies. The State level,³³⁹ the FBiH³⁴⁰ and the RS³⁴¹ have comprehensive strategies and action plans ensuring a structured approach to enhancing IA functions. However, while a BD³⁴² strategy exists, it is hampered by the current lack of an IA function, indicating a gap between strategic intentions and practical implementation.

The PIFC Co-ordination Board of CHUs covers also IA. This board seeks to ensure a cohesive approach to IA and control practices across the State Level, the FBiH, the RS and the BD. Additionally, the PIFC application, launched across all Entities aims to facilitate the monitoring function of the CHUs and to streamline IA processes within public sector organisations.

The organisational capacity and independence of IA functions vary significantly across BiH's Entities. At the State level, IA units are established in most institutions, yet only 73% meet the minimum staffing requirements, highlighting the need for better recruitment and retention. In the FBiH, 86% of public sector organisations have IA units, but only 34% meet staffing levels, impacting audit effectiveness. The RS has IA units in 75% of required governmental organisations, with 64% meeting staffing requirements, showing ongoing capacity challenges. The BD lacks an operational IA function, underscoring a significant gap.

Independence and objectivity of IA are generally maintained. At the State level, in the FBiH and the RS, there is a general adherence to principles ensuring that heads of IA report directly to the head of their respective organisations, thus maintaining a degree of independence. Furthermore, internal auditors in these organisations largely operate without decision-making roles that could impair their objectivity, although there is variability in the extent to which this is practiced.

³³⁴ State Level: Law on IA Audit of the Institutions of BiH and the Law on Amendments to the Law on IA of the Institutions of BiH, Official Gazette of BiH Nos. 27/08 and 32/12.

³³⁵ IIA (Institute of Internal Auditors) (2017), International Standards for the Professional Practice of Internal Auditing, <https://www.theiia.org/en/standards/international-professional-practices-framework/>.

³³⁶ FBiH: Law on Internal Audit in the Public Sector in the FBiH (2008, with amendments in 2016).

³³⁷ RS: Law on the System of Internal Financial Control of the RS; Rulebook on Employment Conditions, Status and Position of Internal Auditors in the Public Sector, Official Gazette of the RS No. 1/22 of 11 January.2022.

³³⁸ BD: Law on the Budget of the BD of BiH (2019, with amendments in 2023).

³³⁹ State level: Public Financial Management Strategy 2021-2025; Public Internal Financial Control Strategy 2020-2025.

³⁴⁰ FBiH: Public Internal Financial Control Strategy 2021-2027.

³⁴¹ RS: Public Internal Financial Control Strategy 2021-2024; Public Financial Management Strategy 2021-2025.

³⁴² BD: Strategy for the Development of the System of Internal Financial Controls in the Public Sector of the BD of BiH 2021-2025.

IA functions show varying strengths in planning, reporting and follow-up of recommendations across the different Entities. Generally, IA units prepare and update strategic and annual audit plans aligned with national legal requirements and international standards, focusing on high-risk areas to systematically evaluate governance, risk management and control processes. However, the comprehensiveness of these plans in covering all processes and funding sources varies.

With respect to the quality of audit reporting, while reports at the State level and in the FBiH include clear definitions of objectives and scope, the support for audit recommendations and the practical impact of these findings differs. In the RS, although audit reports define objectives and scope, there is often a weaker connection between audit findings, conclusions, and recommendations. While the perceived usefulness of audit recommendations by senior and middle managers is broadly positive it does vary, and it still shows that there is a need to enhance the relevance and application of audit findings and recommendations across BiH's administrations.

Follow-up on audit recommendations is conducted, but the effectiveness of this process varies. At the State level, while there is a thorough follow-up practice, the implementation rate of 58% indicates room for improvement in ensuring that recommendations lead to action. In the FBiH, despite a high acceptance rate of 82%, the lower implementation rate of 46% suggests challenges in translating acceptance into actual implementation. In the RS, with an implementation rate of 41%, there is significant scope for enhancing the effectiveness of internal audit recommendations.

The State level, the FBiH and the RS maintain professional development programs for internal auditors, co-ordinated by their respective CHUs. These programmes include training sessions, seminars, and workshops aimed at enhancing auditors' competencies. While precise implementation rates are not always quantified, ongoing training activities indicate significant participation. Certification is mandatory for all internal auditors across the entities, with each maintaining a registry of certified auditors. At the State level and in the FBiH and the RS, all the internal auditors currently working are certified.

The quality assurance systems for IA within BiH show low levels of development and implementation across the State level, the FBiH and the RS. At the State level, the quality assurance system is relatively well-developed, with about 90% of IA units undergoing regular internal assessments. However, only about 5% of these units have been subject to external assessments in the last five years, highlighting a significant gap.

In the FBiH, the quality assurance system is still under development and is not yet fully aligned with the International Professional Practices Framework (IPPF) requirements. Currently, no internal or external quality assessments have been carried out in line with these standards. This lack of a functional quality assurance framework signifies a major area for improvement and raises concerns about the consistency and reliability of IA processes. The RS also lacks a fully established quality assurance system consistent with IPPF requirements. Although a draft methodology for quality reviews has been developed, it requires further refinement and adoption by the CHU. As of now, no internal quality assessments have been conducted, and external assessments are minimal, relying mainly on the analysis of annual and semi-annual reports from IA units. The absence of a functional quality assurance framework in the RS similarly undermines the credibility and effectiveness of internal audits.

Overall, the lack of implemented quality assurance frameworks in both the FBiH and the RS represents a significant weakness in the IA system across BiH in meeting the expectations of international standards, especially given the fact that the international standards will be updated to the new Global Standards for IA in early 2025.

Public procurement

Principle 28: Public procurement legislation, including public-private partnerships and concessions, is based on principles of equal treatment, non-discrimination, transparency, proportionality and competition, and supported by a sound governance framework.

The analysis shows the relatively high quality of the legislative framework for classical procurement, as opposed to the low quality of concessions/PPPs legislation.

The PPL, amended in 2022 and 2024, aligns with EU Directives but faces practical implementation challenges. The PPL lacks several EU procurement techniques. The fragmented legal framework, with over 25 different laws for concessions and PPPs, hinders realisation of projects.

Indicator 28.1. Quality of legislative framework for public procurement and PPPs/concessions		2024 indicator value			
		State level	FBiH	RS	BiH
		77/100			
Sub-indicators		Points			
1.	Application of fundamental EU policy goals and Treaty principles across the spectrum of procurement legislation	ii	ii	ii	29/30
2.	Level of alignment of public procurement legislation for contracts above EU thresholds with the EU Directives	ii	ii	ii	24/35
3.	Level of alignment of PPPs/concessions legislation for contracts above EU thresholds with the EU Directives	4/15	4/15	5/15	4.3/15
4.	Level of alignment of procurement legislation for contracts below EU thresholds with the EU Treaty principles	ii	ii	ii	20/20

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise. (ii) = data not applicable.

The PPL³⁴³ is largely aligned with the *acquis*, incorporating the key elements of the 2014 EU Directives.

In December 2022, after an inclusive drafting process that began in 2017, the PPL was amended.³⁴⁴ The amendments include: 1) the requirement to publish public procurement plans and contract modifications on the Public Procurement Portal; 2) mandatory preliminary market analysis; 3) allowing for electronic conduct of direct agreements through the Portal; 4) implementing stricter provisions on conflict of interest; and 5) the removal of exclusions for natural and legal monopolies.

In July 2024 new amendments to the PPL were adopted³⁴⁵ to address the issue of professional appellants (see more in the section on the review system [Principle 30]).

However, the practical implementation of these amendments presents challenges. The absence of transitional provisions has led to confusion about ongoing procedures initiated before the adoption of new legislation, amendments to existing procurement plans and modifications to previously concluded contracts. Additionally, conflicting articles within the PPL about handling tenders exceeding planned budgets have created uncertainty whether such tenders must or may be excluded as unacceptable before entering the e-auction. The removal of exclusions for monopolies has caused reluctance among service

³⁴³ PPL, Official Gazette of BiH No. 39/2014, adopted on 29 April 2014, entered into force on 19 May 2014 and become effective on 27 November 2014.

³⁴⁴ The Law on Amendments and Supplements to the Public Procurement Law, adopted on 29 August 2022, entered into force on 10 September 2022 and become effective on 10 December 2022.

³⁴⁵ The Law on Amendments and Supplements to the Public Procurement Law, Official Gazette of BiH No. 50/2024 that entered into force on 31 July 2024.

providers to participate in procurement procedures, forcing contracting authorities to award essential service contracts outside the PPL framework. Despite advisory opinions from the PPA, legal ambiguities remain, complicating operations and increasing risks for contracting authorities.

The PPL lacks several EU procurement techniques, procedures and concepts, such as innovation partnership, dynamic purchasing system, electronic catalogues, best price-quality ratio and life-cycle costing. Furthermore, the grounds for exclusion of economic operators are not fully aligned, and “self-cleaning” measures are not available for mandatory grounds for exclusion. The PPL lacks most provisions on substantial and non-substantial modifications of contracts during their term.³⁴⁶ Finally, communication and information exchange are not entirely electronic, as tender submissions continue to be paper-based.

While the PPL does not encompass all provisions on green and socially responsible procurement, it does not prevent these objectives from being integrated into the procurement cycle. At the level of bylaws, there are no provisions specifically addressing green or social considerations.

Secondary legislation³⁴⁷ has mostly been updated timely following the PPL amendments. Effective from 1 January 2024, the new Rulebook on e-Auctions³⁴⁸ reduced the mandatory use of e-auctions from 100% to 60% for procedures where the lowest price is the award criterion. In March 2024, the CoM of BiH adopted the Rulebook on Centralised Procurement.³⁴⁹ The implementing regulation on electronic verification of qualification, mandated to be enacted within one year of the amended PPL's application, has not been adopted.

The award of concession and PPP contracts in BiH is governed by separate laws from the PPL: the Law on Concessions of BiH³⁵⁰ at State level, the Law on Concessions of the FBiH,³⁵¹ the Law on Concessions of RS,³⁵² the Law on PPPs in RS,³⁵³ the Law on Concessions of BD³⁵⁴ and the Law on PPPs in BD,³⁵⁵ as well as several cantonal laws and various by-laws adopted pursuant to these laws.³⁵⁶ The highly fragmented legal framework consists of over 25 different laws.

³⁴⁶ Except the modification of contract necessitated by unforeseeable circumstances, PPL, Article 75, paragraph 5.

³⁴⁷ Rulebook on the Procedure for Awarding Contracts for Services from Annex II of the PPL, Official Gazette of BiH No. 2/23; Rules on the Procedure for User Registration on the Public Procurement Portal, Official Gazette of BiH No. 30/23; Rulebook Amending and Supplementing the Rulebook on the Training of Public Procurement Officers, Official Gazette of BiH No. 31/23; Rulebook Amending and Supplementing the Rulebook on the Establishment and Operation of the Procurement Commission, Official Gazette of BiH No. 49/23; Rulebook on the Financing of Research, Development and Improvement of the Public Procurement System in BiH, Official Gazette of BiH No. 65/23; Instructions on the Conditions and Methods for Publishing Notices and Submitting Reports on Public Procurement Procedures on the Public Procurement Portal, Official Gazette of BiH No. 80/22).

³⁴⁸ Rulebook on the Terms and Procedures for Using e-Auctions, Official Gazette of BiH, No. 80/23.

³⁴⁹ Rulebook on the Implementation of Joint Procurement, Centralised Procurement and the Establishment of a Central Purchasing Body, Official Gazette of BiH No. 29/24.

³⁵⁰ Official Gazette of BiH Nos. 32/02 and 56/04.

³⁵¹ Official Gazette of FBiH Nos. 40/02 and 61/06.

³⁵² Official Gazette of RS Nos. 59/13, 16/18, 70/20 and 111/21.

³⁵³ Official Gazette of RS Nos. 59/09, 63/11 and 68/20.

³⁵⁴ Official Gazette of BD Nos. 41/06, 19/07 and 2/08.

³⁵⁵ Official Gazette of BD Nos. 7/10 and 22/23.

³⁵⁶ Rulebook on the Procedure for Submission of Applications and Concession Award Procedure, Official Gazette of BiH No. 65/06; Rulebook on the Registry of Concessions Contracts, Official Gazette of BiH No. 55/12; Rulebook on the Concession Award Procedure, Official Gazette of FBiH Nos. 67/06 and 87/11; Rulebook on Determining the Concession Fee, Official Gazette of FBiH Nos. 67/06 and 34/11; Instructions for Assessing the Existence of Public

Despite the adoption of the Concessions Directive³⁵⁷ over ten years ago, the transposition process in BiH has not yet commenced. Key EU terms such as "concession," "conceding party" and "concessionaire" are not aligned with the Concessions Directive, and divergent definitions of these terms³⁵⁸ persist across different legislative frameworks. Adding to the complexity, the term "concession" in BiH also includes licenses to exploit natural resources which, from the perspective of EU law, are neither concession contracts nor public contracts. Furthermore, the State-level, FBiH and BD concession laws require concessionaires to be legal persons established under local law, a requirement that notably deviates from EU law.

The concessions laws at the State level and in the FBiH allow for the award of concessions based on either a public invitation or an unsolicited proposal by a bidder without a public invitation. In the case of the RS, concessions can be awarded based on a public invitation, an unsolicited proposal where a public invitation is subsequently published, giving the concerned bidder a 10% bonus over competitors, or a negotiated procedure without a public invitation in certain cases. Awarding concessions based on unsolicited proposals or negotiated procedures without a public invitation contradicts the basic EU principles of transparency and equal treatment.

Both RS and BD PPP laws cover contractual and institutionalised models of PPPs.

The RS PPP law prescribes a competitive dialogue procedure for the selection of a private partner, with the award decision based solely on the most economically advantageous tender. The specifics of this procedure are further detailed in the Regulation on the PPP Procedure,³⁵⁹ which largely mirrors the competitive dialogue outlined in Directive 2014/24/EU³⁶⁰. At the same time, the PPL regulates the competitive dialogue procedure in a similar fashion, but the PPL or the remedies established by the PPL are not applicable. The BD PPP law does not specify the procedure for selecting a private partner. It only states that the criteria and selection process are conducted through a public invitation, as determined by a government decision.

The existence of multiple legal regimes in BiH significantly hinders the realisation of concession and PPP projects. Additionally, the PPL, concessions laws and PPP laws lack coherence. Therefore, strong efforts

Interest in Unsolicited Proposals, Official Gazette of the RS No. 103/05; Rulebook on the Procedure for Ceding Concession Contracts and Changes in Ownership Structure of Concessionaires, Official Gazette of the RS Nos. 65/14 and 61/17); Rulebook on Content and Manner of Keeping the Register of Concession Contracts, Official Gazette of the RS No. 65/14); Regulation on the Initiation of the Procedure for the Realisation of the Public-private Partnership, Official Gazette of the RS, No. 111/20; Regulation on the Procedure for the Selection of Private Partner, Official Gazette of the RS, No. 111/20; and Regulation on the Procedure for the Selection of Private Partner, Official Gazette of the RS, No. 111/20.

³⁵⁷ Directive 2014/23/EU of the European Parliament and of the Council of 26 February 2014 on the award of concession contracts.

³⁵⁸ For example, BiH law defines "concession" as the right granted by a conceding party to provide infrastructure and/or services and to exploit natural resources under terms and conditions agreed on by the conceding party and the concessionaire (Article 3). RS law defines "concession" as the right to perform economic activities using public goods, natural resources and other goods of general interest, as well as the right to perform activities of general interest, (...) and this right is ceded to the concessionaire for a certain period of time, under the conditions prescribed by this Law, with the payment of the concession fee (Article 2). "Concession" under FBiH law is defined as the right to perform economic activities using natural resources, goods in general use and perform activities of general interest determined by this Law (Article 4). Finally, BD law defines "concession" as the right granted by the conceding party to the concessionaire for a certain period of time and under certain conditions for the purpose of performing economic activities using natural resources, goods in general use and performing activities of general interest (Article 3).

³⁵⁹ Official Gazette of the RS No. 111/20.

³⁶⁰ Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on Public Procurement and Repealing Directive 2004/18/EC <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32014L0024>

and co-ordination are necessary to create a harmonised legal framework for public procurement, concessions and PPPs in alignment with EU law.

Central institutions effectively support, steer and co-ordinate implementation, enforcement and monitoring of the public procurement system

Central institutions to develop and co-ordinate the public procurement system are in place. The PPA is recognised for its responsiveness and co-operation, involving key stakeholders in its processes. The new 2024-2028 Public Procurement Strategy, adopted in March 2024, is of high quality, although early implementation shows delays. The institutional setup for concessions and PPPs is highly fragmented and largely inactive.

Indicator 28.2. Central institutions effectively support, steer and co-ordinate implementation, enforcement and monitoring of the public procurement system		2024 indicator value				48/100
		State level	FBiH	RS	BiH	
Sub-indicators		Points				
1.	Quality of the strategy and action plan for development of public procurement and PPPs/concessions	ii	ii	ii	13/23	
2.	Green procurement performance	ii	ii	ii	3/12	
3.	Performance of socially responsible procurement	ii	ii	ii	2/12	
4.	Central institutions to develop and implement public procurement policy effectively and efficiently	ii	ii	ii	18/22	
5.	Central institutions to develop and implement PPPs/concessions policy effectively and efficiently	3/12	3/12	4/12	3.3/12	
6.	Quality of monitoring and reporting on public procurement system	ii	ii	ii	9/19	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise. (ii) = data not applicable.

The PPA is an administrative body responsible for policymaking, preparing draft legislation, monitoring, advisory support, training activities in the field of public procurement and managing and developing the Portal. The PPA's main office is in Sarajevo, with branch offices in Banja Luka and Mostar. The PPA employs 22 staff members.³⁶¹

The PPA is recognised as a responsive and co-operative institution. It actively involves key stakeholders, including civil society organisations.

The new Public Procurement Strategy for 2024-2028 and the corresponding Action Plan were adopted in March 2024.³⁶² The drafting process, led by the PPA, was highly inclusive; several public consultative meetings took place in 2023. The document demonstrates a high level of quality. It addresses strategic priorities, including professionalisation, green and socially responsible procurement, digitalisation, transparency, integrity, quality, centralisation and SME access. Additionally, it incorporates eight clear, relevant and measurable key performance indicators. The implementation of the Strategy has started (for

³⁶¹ Data submitted by the PPA in March 2024.

³⁶² Official Gazette of BiH No. 29/24.

instance in April 2024 a working group was created in the PPA to prepare a draft of the new PPL), however the early stages of implementation already show some delays.³⁶³

The PPA shares information through its official website,³⁶⁴ providing regularly updated resources, responses to inquiries, practical solutions and general interpretations. It also provides professional advisory and support services to all interested parties, including *ad hoc* guidance on legal and technical matters. However, contracting authorities and economic operators criticised³⁶⁵ the information as theoretical and expressed a strong need for more practical guidance.

The PPA carries out monitoring of procurement procedures.³⁶⁶ The monitoring may be initiated *ex officio* and on the request of an exhaustive list of authorised institutions or interested parties. If a violation is found and not rectified by the contracting authority, the PPA is obliged to bring an action before the courts of BiH.

During 2022,³⁶⁷ the PPA reviewed 25 000 cases, including notices published on the Portal, websites of contracting authorities, reports from the non-governmental organisation sector, the PRB and audit offices, and requests from economic operators. The PPA initiated 19 misdemeanour procedures before the competent courts of BiH, compared to 49 in the previous year. Additionally, two cases were forwarded to the competent public prosecutor's offices.

The institutional set-up for concessions and PPPs in BiH reflects the administrative fragmentation of the country: the BiH Concessions Commission located in Banja Luka, the FBiH Concessions Commission located in Sarajevo and the RS Concessions Commission, also located in Banja Luka.

The competence of each commission encompasses concessions within their jurisdictions: State, Entity, or BD institutions. For instance, the State-level Commission has no authority over concessions granted by the Entities or the BD and is not responsible for co-ordinating legislation adopted by the Entities and the BD. However, the State-level Commission acts as the Joint Commission for concession projects of joint jurisdiction and in cases of disputes between the State level and the RS.

According to legislation, the commissions are to be involved in the concession award procedures: approving feasibility studies before launching the procedure, approving tender documents, participating in the selection process and accepting the content of contracts and all successive contractual changes during contract execution.

Regarding PPPs in the RS, the Public Investment Department within the MoF is responsible for monitoring the PPP law. This includes preparing primary and secondary legislation, assessing the feasibility study or pre-study for PPP projects prepared by the public partner and managing the register of PPP contracts. In the BD, the PPP Commission, appointed by the Government on the Mayor's recommendation, oversees PPPs. Its functions include evaluating initiatives for PPP projects, proposing projects to the Government for approval, conducting the selection process for private partners, monitoring project implementation and suggesting improvements to the legal framework. The PPP Commission reports directly to the Government.

There is a lack of strategic planning for concessions and PPPs at any level of government in BiH, with these areas explicitly excluded from the scope of the 2024-2028 Public Procurement Strategy.

The institutional set-up for regulating and managing concessions and PPPs in BiH is excessively complex, with concessions commissions duplicated across different levels of government. Most of these institutions

³⁶³ Of the three specific activities slated for the first quarter of 2024, only one has been completed: the adoption of the Rulebook on centralised procurement.

³⁶⁴ Available at: javnenabavke.gov.ba.

³⁶⁵ SIGMA interviews in April 2024 and responses from the SIGMA Survey of Contracting Authorities on the public procurement system in the Western Balkans 2024, conducted April-May 2024.

³⁶⁶ PPL, Article 92 and the Rulebook on Monitoring of 5 October 2016, Official Gazette of BiH No. 72/2016.

³⁶⁷ Report on Monitoring of Public Procurement Procedures in 2022, p. 4.

are inactive due to the absence of concession activities at their respective jurisdictions. Overall, the existence of such a cumbersome structure is not justified by the benefits it provides to BiH taxpayers.

Principle 29: Contracting authorities conduct public procurement operations, including public-private partnerships, efficiently and economically.

Efficiency, economy and competitiveness of public procurement operations suffer from formalism and low competition. The public procurement system relies heavily on paper-based processes, and stringent requirements for economic operators add to costs. While competitive procedures are widely used, the focus remains on the lowest-price contract award criteria. The e-procurement system is stable but lacks end-to-end electronic functionalities and user-friendly features. The PPP and concessions market is underdeveloped.

Indicator 29.1. Efficiency, economy and competitiveness of public procurement operations	2024 indicator value				35/100
	State level	FBiH	RS	BiH	
Sub-indicators	Points				
1. Planning and preparation of the public procurement procedure	ii	ii	ii	3.5/8	
2. Share of competitive public procurement procedures	ii	ii	ii	3.1/5	
3. Efficiency of modern tools and techniques	ii	ii	ii	4.4/15	
4. Penetration of e-procurement	ii	ii	ii	3/7	
5. Quality of tender documents	ii	ii	ii	3.5/6	
6. The use of contract award criteria	ii	ii	ii	0/8	
7. Performance of public procurement market	ii	ii	ii	11.7/30	
8. Performance of PPPs/concessions market	0/6 ⁱ	0/6 ⁱ	2/6	0.7/6 ⁱ	
9. Contract management	ii	ii	ii	3.9/9	
10. Contract management for PPPs/concessions	0/4 ⁱ	0/4 ⁱ	0/4	0/4 ⁱ	
11. Ex post evaluation of the procurement process and of contract performance	ii	ii	ii	1.4/2	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise. (i) = data not available or not provided. (ii) = data not applicable.

Formalism and low competition persist in BiH's public procurement system. Despite amendments to the PPL, requirements for economic operators remain stringent. The lack of electronic verification of qualifications forces operators to gather original or certified documents for each procedure, adding costs due to certification requirements. Self-declarations, meant to simplify participation, ironically increase the bureaucratic burden due to requirements for their certification by public notaries or competent authorities.³⁶⁸ Tender submissions are still paper-based, contributing to the system's complexity. According to the SIGMA Business Survey on the public procurement system in the Western Balkans 2024, 63% of businesses representatives declared that their company decided not to take part in a public tender during the last three years. When asked about the reasons, the most commonly mentioned answers were that "the criteria seemed to be tailor-made for certain participants" (34%), that "the deal seemed to have been sealed before the tender was published" (29%) and that "the procedure seemed too bureaucratic or burdensome" (24%).

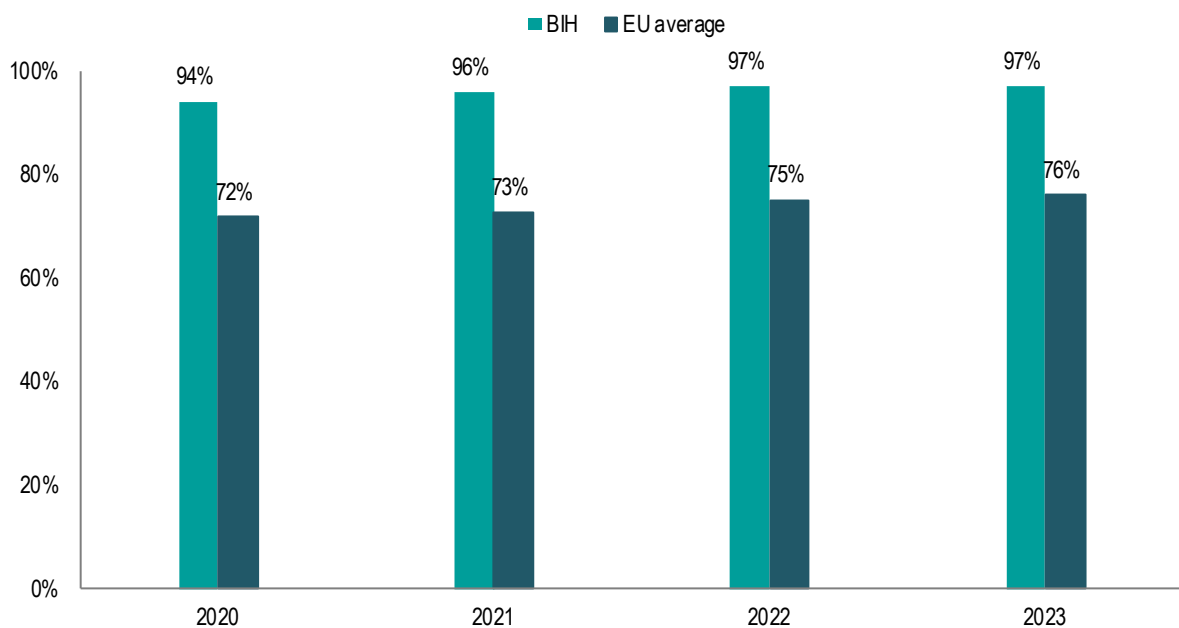
³⁶⁸ PPL, Article 45, paragraph 4, Article 52, paragraph 10.

With the PPL amendments, the publication of the public procurement plans has shifted from the individual websites of contracting authorities to the Portal, improving access to information. However, the current presentation of plans on the Portal³⁶⁹ lacks user-friendliness and searchability.

With 76% of contracting authorities conducting market consultations and 79% preparing cost estimates, according to the SIGMA Survey of Contracting Authorities on the public procurement system in the Western Balkans 2024, the preparatory phase demonstrates awareness of making informed and accurate decisions prior to initiating procurement procedures.

The utilisation of competitive procedures is exceptionally high. In 2023, nearly 97%³⁷⁰ of all commenced procedures were conducted through competitive procedures (Figure 54).³⁷¹

Figure 54. Percentage of use of competitive procedures in 2020-2023



Notes: Percentage of the use of competitive procedures in BiH over time.

Source: Data provided by the PPA.

³⁶⁹ Available at <https://www.ejn.gov.ba/>.

³⁷⁰ Based on data provided by the PPA.

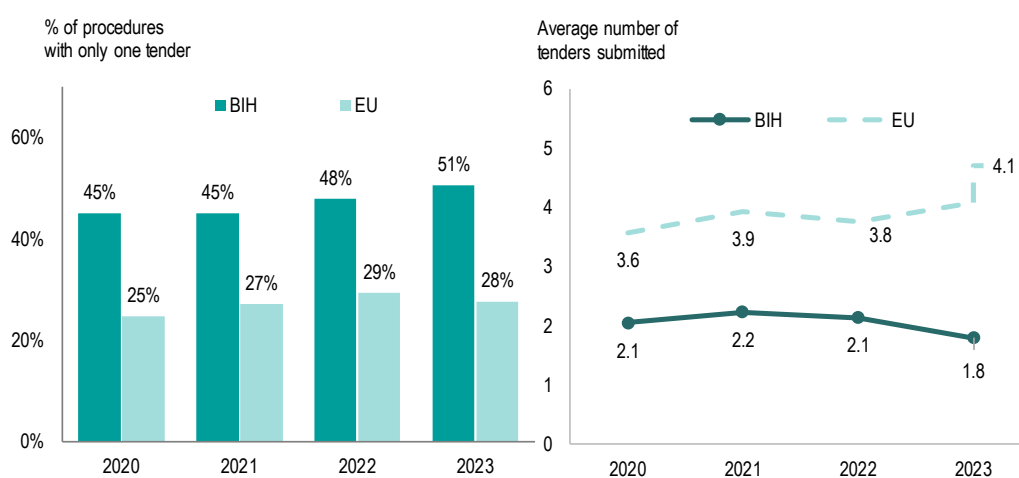
³⁷¹ Competitive procedures include open procedures, restricted procedures, negotiated procedures with publication, competitive dialogue, competitive requests and procedures for the award of social and other specific services' contracts (Annex II of the PPL).

The data for 2023³⁷² indicate a 6.6% increase in the total value of concluded contracts compared to 2022, rising from about BAM 4.4 billion,^{373, 374} to about BAM 4.7 billion.³⁷⁵ Approximately 82% of the total value of procurement³⁷⁶ was awarded through competitive procedures.

The continued overreliance on price as the sole award criterion, accounting for 92.7% in 2023,³⁷⁷ highlights a significant imbalance in prioritising price over quality.³⁷⁸ This practice has roots in the lack of necessary expertise in utilising quality-based criteria. Moreover, the widespread use of e-auctions further reinforces the preference for price-only evaluations.

The average number of tenders submitted per procedure in 2023 has decreased to 1.8,³⁷⁹ compared to 2.14 in 2022 (Figure 55).³⁸⁰ In 50.6% of the cases,³⁸¹ only one tender was received, marking an increase compared to 2022.

Figure 55. Percentage of procedures with only one tender and average number of tenders submitted in 2020-2023



Notes: Percentage of competitive procedures when only one tender was submitted with the average number of tenders submitted per procedure. Source: Data provided by the PPA. EU data provided by Government Transparency Institute, 2024.

³⁷² Data provided by the PPA.

³⁷³ Annual report on contracts awarded in public procurement procedures in 2022, p. 21.

³⁷⁴ BAM 4.4 billion = EUR 2.3 billion at the middle exchange rate of 4 May 2024, available at <https://www.cbbh.ba/CurrencyExchange/>.

³⁷⁵ BAM 4.7 billion = EUR 2.4 billion at the middle exchange rate of 4 May 2024, available at <https://www.cbbh.ba/CurrencyExchange/>.

³⁷⁶ According to the methodology, the total value of procurement includes the total value of contracts above the *de minimis* amount of EUR 10 000 and the value of contracts excluded from application of procurement rules.

³⁷⁷ Based on data provided by the PPA.

³⁷⁸ The EU average is 57%.

³⁷⁹ Based on data provided by the PPA.

³⁸⁰ Annual Report on Contracts Awarded in Public Procurement Procedures in 2022, p. 51.

³⁸¹ Based on data provided by the PPA.

The e-procurement system is a stable feature of the procurement system, with new functionalities periodically being introduced on the Portal. The system allows unrestricted access to all published notices, enabling browsing using various search criteria without the need for registration. However, access to tender documents during procurement procedures is restricted to registered tenderers only.

Despite the advancements, the e-procurement system lacks certain user-friendly features or more sophisticated browsing options. For instance, there is no mechanism to subscribe for automatic notifications.

Furthermore, full end-to-end e-communication functionalities, including e-submission of tenders, e-opening, e-evaluation and e-self-declaration, have yet to be implemented. Similarly, dynamic purchasing systems and e-catalogues are not implemented, indicating areas for future development to enhance efficiency in public procurement system.

E-auctions became mandatory in 2020 for procedures³⁸² with the lowest price as the award criterion. By 2023, e-auctions were used in 67.6%³⁸³ of all procedures. However, mandatory e-auctions have exposed weaknesses, such as frequent withdrawals of winning bidders without consequences, often leading to contracts being awarded to higher-priced second-ranked tenderers or the need to restart the whole procedure. Although the mandatory use of e-auctions has been reduced to 60% as of 1 January 2024, this change is unlikely to address these issues.

In March 2024, the CoM of BiH adopted a new Rulebook on Centralised Procurement,³⁸⁴ mandating the use of the Integrated System for Centralised Procurement (ISCN). ISCN, to be managed by the PPA and integrated with the Portal. This development is expected to enhance the efficiency of centralised procurement planning and implementation, although its implementation is still pending.

There is no available data on green and socially responsible public procurement. Contracting authorities typically do not consider these objectives and lack knowledge about it.

Despite improvements, contract management remains an area that requires further strengthening. Based on the 2024 SIGMA surveys,³⁸⁵ 91% of contracting authorities and 50% of businesses affirm that contracts are executed always or often in a timely manner, while 93% of contracting authorities and 68% of businesses state that time limits for payments adhere to legal requirements and are processed on time.

As a result of follow up to the 2018 audit recommendations on contract implementation,³⁸⁶ the Audit Office of BiH acknowledged some positive steps in 2023.³⁸⁷ However, none of the recommendations have been fully implemented. Due to technical limitations of the financial management systems, quantitative monitoring of the realisation of contracts is not implemented. No guidelines exist for systematic contract management.

Based on the 2024 SIGMA surveys, 53.2% of contracting authorities and businesses report that quality control measures are employed during contract execution. Furthermore, 68% of contracting authorities report conducting *ex post* evaluations of the efficiency of procurement procedures used and of contract

³⁸² Open procedure, restricted procedure, negotiated procedure with publication of contract notice and competitive request and the qualification system.

³⁸³ Based on data provided by the PPA.

³⁸⁴ The Rulebook on the Implementation of Joint Procurement, Centralised Procurement and the Establishment of a Central Purchasing Body, Official Gazette No. 29/24.

³⁸⁵ SIGMA Survey of Contracting Authorities and SIGMA Business Survey on the public procurement system in the Western Balkans 2024, conducted April-May 2024.

³⁸⁶ Performance Audit Report: Managing the Process of Realisation of Public Procurement Contracts in BiH Institutions No. 05-16-1-985/18, Sarajevo, November 2018.

³⁸⁷ Monitoring the Implementation of Performance Audit Recommendations: Managing the Process of Realisation of Public Procurement Contracts in BiH Institutions, Sarajevo, September 2023, pp. 21-22.

performance in terms of delivering planned benefits, while 69% state that they consider the results of contract execution and any encountered problems when preparing for future procurement procedures.

Through monitoring activities during 2022,³⁸⁸ the PPA noted persistent systematic issues and violations including: 1) untimely planning and adoption of procurement plans; 2) improper use of negotiated procedures without publication; 3) splitting procurement to avoid proper procedures; 4) failure to publish contract award notices and reports; 5) tenderers withdrawing from contract conclusion, particularly after e-auctions; 6) inadequately prepared technical specifications, potentially favouring specific economic operators; 7) insufficient training of personnel, particularly in smaller authorities; and 8) limited use of joint procurement, especially among authorities with fewer employees.

Activity in the PPPs/concessions area is very limited. At the State level and in the FBiH, and the BD, the number of concessions awarded is zero.³⁸⁹ In the RS, there were 22 concession procedures initiated and 28 concession contracts concluded in 2023,³⁹⁰ an increase from 16 contracts in 2022.³⁹¹ However, the level of competition remains extremely low, with only one tender submitted per procedure in 20 cases. There is no publicly available up-to-date information on the progress of concession contract execution. While open public invitations are published on the commission's website,³⁹² access to the details of completed concession procedures is not provided.

Since the adoption of the PPP laws in the BD in 2010 and in the RS in 2009, only one PPP project has been awarded in the BD, in 2011. Meanwhile, the RS has yet to successfully implement any PPP projects.

³⁸⁸ Report on Monitoring of Public Procurement Procedures in 2022, pp. 4 and 32.

³⁸⁹ Data provided by institutions responsible for concessions and PPPs.

³⁹⁰ Data provided by RS Concession Commission.

³⁹¹ Report on work and financial report for 2022, p. 11.

³⁹² Website of RS Concession Commission, <https://koncesije-rs.org/bs/onama/>.

Availability and quality of support to contracting authorities and other actors to strengthen professionalisation of procurement operations

Support to contracting authorities and other actors to strengthen professionalisation of procurement operations is functional. The PPA manages the training system for procurement officers, provides advisory services and regularly updates information on its website, significantly improving user satisfaction. Standard templates have not been updated. The integrity and quality of tender documents raise concerns, with many businesses avoiding participation due to perceived bias and predetermined deals.

Indicator 29.2. Availability and quality of support to contracting authorities and other actors to strengthen professionalisation of procurement operations		2024 indicator value				50/100
		State level	FBiH	RS	BiH	
Sub-indicators		Points				
1.	Availability of advisory and operational support	ii	ii	ii	15.6/36	
2.	Availability of advisory and operational support for PPPs/concessions	0/12	0/12	0/12	0/12	
3.	Availability of quality training for procurement officers and other actors	ii	ii	ii	24.1/28	
4.	Availability of quality training for officers and other actors in the area of PPPs/concessions	0/12	0/12	3/12	1/12	
5.	Role of civil society	ii	ii	ii	9/12	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise. (ii) = data not applicable.

The system of training for public procurement officers is managed and organised by the PPA.

To support the organisation and management of training activities, the PPA utilises the Training Management Information System (TMIS).³⁹³ Registered users can access various features on the TMIS, including: viewing training session calendars, news, and notices; managing training applications; downloading/uploading training materials; completing evaluation forms; participating in surveys; downloading training certificates; and accessing statistical data on completed training.

In 2022, due to the delayed adoption of the budget, four training sessions were held instead of the planned five, with a total of 187 candidates, including 34 representatives of economic operators. In 2023, five training sessions took place, with a total of 230 candidates.³⁹⁴ In the first quarter of 2024, one training session has been held.³⁹⁵

Overall, between 2018 and 2023, a total of 2 000 candidates completed the training program. Of these, 1 409 candidates underwent knowledge assessment, with 1 246 successfully passing and 163 not passing. Additionally, 591 candidates have yet to undergo the knowledge assessment.³⁹⁶

According to the results of the 2024 SIGMA surveys,³⁹⁷ the average between the shares of contracting authorities and businesses that perceived the training as useful was 66%.

Nevertheless, some shortcomings persist. First, there is no systematic and coherent approach to training material content. The training materials are prepared individually by certified public procurement trainers

³⁹³ TMIS website: <https://obuke.javnenabavke.gov.ba/>.

³⁹⁴ Information provided by the PPA.

³⁹⁵ Information available at <https://obuke.javnenabavke.gov.ba/>.

³⁹⁶ Information provided by the PPA.

³⁹⁷ SIGMA Surveys of Contracting Authorities and Businesses on the public procurement system 2024.

called upon to deliver the training. Although the curriculum mandates that at least 30% of the content be delivered through exercises, case studies and practical examples, the available materials,³⁹⁸ while comprehensive, lack practical examples. Second, there is currently no certification scheme for ongoing professional development of procurement officers. Following successful examination, procurement officers have no incentive to pursue continuous education opportunities.

The PPA provides professional advisory and support services to all interested parties, including ad hoc guidance on legal and technical matters. The PPA disseminates information through its official website,³⁹⁹ the Portal⁴⁰⁰ and social media.⁴⁰¹ The content is regularly updated with news and general opinions,⁴⁰² answers to specific questions⁴⁰³ and practical solutions.⁴⁰⁴ The PPA is highly regarded for its responsiveness, and according to the 2024 SIGMA surveys,⁴⁰⁵ the level of satisfaction of end users has increased immensely, with 88.3% of contracting authorities and businesses finding the answers generally helpful, compared to only 40.3% in 2021. However, stakeholders⁴⁰⁶ have also criticised the information provided as overly formalistic and lacking practical guidance. In addition, they report that inconsistent interpretation of procurement legislation between the key institutions is an issue.

The PPA has been active in the preparing of manuals, guidelines and other accompanying materials for professional development. Notably, it has produced the Brief Guide on the New Functionalities in the E-procurement System⁴⁰⁷ and the Handbook for the Prevention of Corruption in Public Procurement.⁴⁰⁸ The 2024 SIGMA Surveys⁴⁰⁹ show an increase in satisfaction with the quality of these resources, from 40% in 2021 to 52% in 2024.

With few exceptions,⁴¹⁰ examples of tender documents⁴¹¹ and other standard templates and documents⁴¹² have not been adjusted to the PPL amendments. In addition, models of standard tender documents (five

³⁹⁸ Available at www.obuke.javnabavke.gov.ba.

³⁹⁹ PPA website, <https://www.javnabavke.gov.ba/en>.

⁴⁰⁰ Public Procurement Portal: [e-Procurement \(ejn.gov.ba\)](http://e-Procurement(ejn.gov.ba)).

⁴⁰¹ PPA on Facebook, <https://www.facebook.com/AgencijaZaJavneNabavke>.

⁴⁰² PPA website: <https://www.javnabavke.gov.ba/bs-Latn-BA/news?page=1&rows=9>.

⁴⁰³ PPA website, <https://www.javnabavke.gov.ba/bs-Latn-BA/questions-and-answers?page=1&rows=9&searchByTaxonomyValueIds=66>.

⁴⁰⁴ PPA website, <https://www.javnabavke.gov.ba/bs-latn-ba/practical-application?page=1&rows=9&searchByTaxonomyValueIds=11>.

⁴⁰⁵ SIGMA Surveys of Contracting Authorities and Businesses on the public procurement system 2024.

⁴⁰⁶ SIGMA interviews, April 2024, and responses of contracting authorities and economic operators in SIGMA Surveys of Contracting Authorities and Businesses on the public procurement system 2024.

⁴⁰⁷ PPA website, <https://www.javnabavke.gov.ba/bs-Latn-BA/news/344/kratko-uputstvo-za-nove-funkcionalnosti-u-sistemu-e-nabavke>.

⁴⁰⁸ PPA website: <https://www.javnabavke.gov.ba/bs-Latn-BA/news/346/prirucnik-za-sprecavanje-korupcije-u-javnim-nabavkama>.

⁴⁰⁹ SIGMA Surveys of Contracting Authorities and Businesses on the public procurement system 2024.

⁴¹⁰ Declaration of Fulfilment of Conditions under Article 50, paragraph 1), points c, d, e and f and Declaration of Fulfilment of Conditions under Article 51, paragraph 1), points c, d, and f of the PPL, Official Gazette of BiH No. 3/23.

⁴¹¹ Developed by the PPA in 2014, <https://www.javnabavke.gov.ba/hr/news/133/agencija-za-javne-nabave-je-ripremila-primjer-tenderske-dokumentacije>.

⁴¹² Annexed to the Instructions for the preparation of model tender documents and tenders, Official Gazette of BiH No. 90/2014 of 3 November 2014 with later amendments from 2015.

sets for different procedures)⁴¹³ produced by the Instrument for Pre-accession Assistance II Project in 2021 have not been updated. Nevertheless, satisfaction with the available standard forms and models remains moderately high, with 85%⁴¹⁴ of contracting authorities and 45% of businesses finding them useful or very useful.

However, there are areas for concern, particularly in the integrity and quality of tender documents. Based on their experiences,⁴¹⁵ 56.6% of business decided against participating in public procurement procedures because criteria seemed to be tailor-made for certain participants, and 46.5% due to concerns that the deal had already been predetermined before the tender was published.

In the area of concessions and PPPs, the provision of advisory and operational support is notably scarce. Presently, the only resource available is the PPP guidelines, which were developed in 2021 by the RS MoF. Furthermore, there is a notable absence of standard forms, practical solutions and other operational tools. The most recent training session on PPPs occurred in 2021, following the latest amendments to the RS PPP law, with a lack of any training opportunities beyond that point. Given the limited number of concessions and PPPs awarded, there is a pressing need for a more systematic approach to enhance awareness and provide comprehensive support in these areas.

⁴¹³ PPA website, <https://www.javnenabavke.gov.ba/hr/news/313/modeli-standardne-tenderske-dokumentacije>.

⁴¹⁴ SIGMA Surveys of Contracting Authorities and Businesses on the public procurement system 2024.

⁴¹⁵ SIGMA Business Survey on the public procurement system 2024.

Principle 30: An independent procurement review system ensures effective, rapid and competent handling of complaints.

The provisions of the PPL on legal protection align with the EU Remedies Directive. The PRB is struggling with a growing number of appeals. PRB decisions often lack clarity, and the internal management system is underutilised. The PRB publishes decisions, but access is limited by a lack of a comprehensive search function. Court proceedings are lengthy, often taking one to three years. The review system for concessions and PPPs is fragmented.

Indicator 30.1. Independence, effectiveness and competence of the review system	2024 indicator value				64/100
	State level	FBiH	RS	BiH	
Sub-indicators	Points				
1. Mechanisms and procedures to challenge procurement decisions	ii	ii	ii	16/18	
2. Mechanisms and procedures to challenge decisions taken by contracting authorities as regards PPPs/concessions	2/8	2/8	0/8	1.3/8	
3. The independence and responsibility of the review body and its members	ii	ii	ii	13/13	
4. The independence and responsibility of the review body for PPPs/concessions and its members	7/7	6/7	2/7	5/7	
5. Effectiveness of handling complaints by the review body and mechanisms to ensure implementation of its decisions	ii	ii	ii	7/9	
6. Effectiveness of handling complaints by the review body and mechanisms to ensure implementation of its decisions for PPPs/concessions	0/5 ⁱ	0/5 ⁱ	2/5	0.7/5 ⁱ	
7. Complaint submission in practice and fairness of fee rates for initiating review procedures	ii	ii	ii	2.4/9	
8. Quality of decision making by the review body	ii	ii	ii	9/11	
9. Right to challenge decisions of the review body which is not judicial in character	ii	ii	ii	4/6	
10. Public availability and timeliness of data on the review system	ii	ii	ii	6/14	

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise. (i) = data not available or not provided. (ii) = data not applicable.

The provisions of the PPL on legal protection align with the EU Remedies Directive,⁴¹⁶ but some issues need attention. The five-day time limit for lodging an appeal with the PRB against a contracting authority's decision is too short. The three-day limit for rectifying appeal deficiencies is also excessively short, potentially leading to dismissals based on minor errors.

The PRB, with headquarters in Sarajevo and branch offices in Mostar and Banja Luka, acts as an independent institution responsible for the review of appeals.

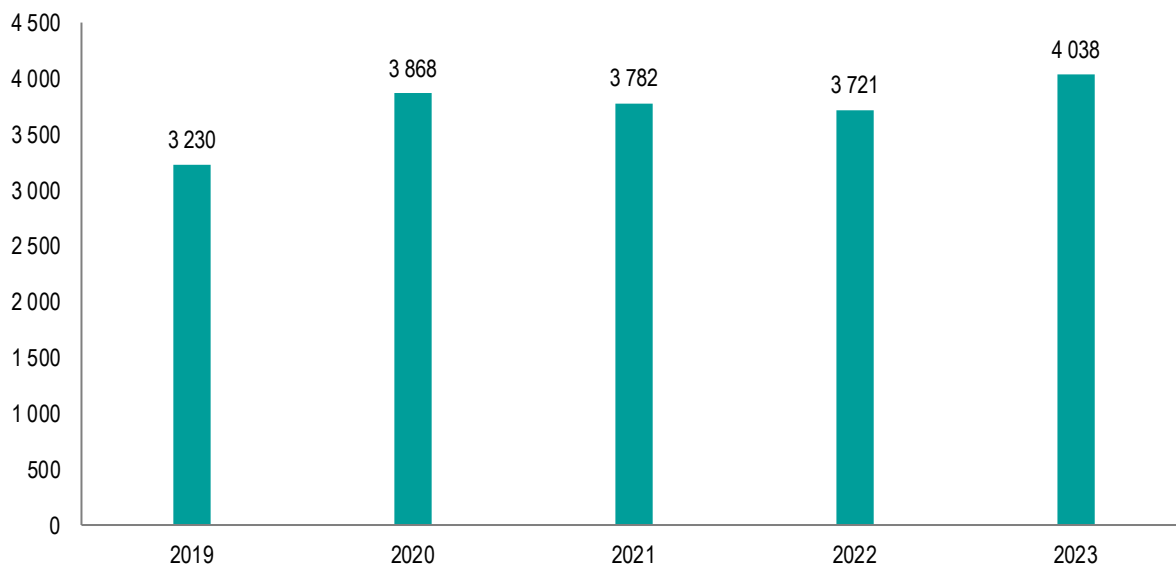
The PRB currently consists of 35 personnel, including 17 members and 18 supporting staff, across its headquarters and branch offices. The headquarters in Sarajevo has four support staff, the branch offices in Mostar two and in Banja Luka only one.

The chronic understaffing of the PRB has detrimental effects on the efficiency and quality of the overall review system, particularly considering the continuous increase in the number of appeals.

⁴¹⁶ Council Directive 89/665/EEC of 21 December 1989 on the co-ordination of the laws, regulations and administrative provisions relating to the application of review procedures to the award of public supply and public works contracts.

In 2023,⁴¹⁷ the PRB received 4 038 appeals⁴¹⁸, compared to 3 721 in 2022⁴¹⁹ and 3 782 in 2021 (Figure 56).⁴²⁰

Figure 56. Number of appeals submitted to the PRB, 2019-2023



Source: Work Report of the PRB for 2022 and preliminary data for 2023.

The total number of appeals remains unknown because data are not collected on appeals resolved at the first stage by the contracting authority, which do not reach the PRB.

The submission of appeals to the PRB is conducted exclusively in paper form, which significantly increases the administrative workload. Moreover, the lack of designated access to the Portal hinders the PRB members and expert staff from downloading appeal-related tender documents directly from the Portal. Instead, they must wait for documents to arrive by post from contracting authorities, a time-consuming process prone to delays in reviewing procurement cases.

The PRB is obliged to decide on appeal within 15 days from the completion of appeal's documentation, but not later than 30 days from the date of the receipt of the appeal.⁴²¹ There are instances where the PRB fails to meet these time limits. During 2023,⁴²² the PRB did not adhere to statutory time limits in 308 cases, accounting for 8.5% of reportedly exceptionally complex cases, according to the PRB. However, in these exceptionally complex cases where prescribed time limits are exceeded, the PRB fails to issue conclusions to inform parties of extended time limits, as required by the PPL.

The reviewed sample of PRB decisions refers to applicable law and principles, and both parties are given the right to be heard. However, the decisions often lack clear, concise rationales, due to excessive

⁴¹⁷ Preliminary data for 2023 provided by the PRB.

⁴¹⁸ The headquarters in Sarajevo received 829 appeals, the office in Banja Luka 996, and the office in Mostar 2213.

⁴¹⁹ Work Report of the PRB for 2022, p. 7.

⁴²⁰ Work Report of the PRB for 2021, p. 9.

⁴²¹ PPL, Article 111.

⁴²² Data provided by the PRB.

repetition,⁴²³ making them difficult to understand. In one instance,⁴²⁴ the rationale included the contracting authority's statement on an allegation from a company not involved in the procedure. This clearly highlights the need for improved quality checks before finalising and publishing PRB decisions.

In 2020, the PRB upgraded its internal information system (OWIS) to facilitate document co-ordination and ensure consistency and standardisation across all PRB locations. However, the PRB continues to rely on informal methods like email exchanges of past decisions and individual members' recollection of PRB case law.⁴²⁵ Furthermore, the PRB has not held any expert collegium meetings or issued joint positions,⁴²⁶ due to a reported lack of video-conference equipment.⁴²⁷

In terms of transparency, there have been some positive developments compared to previous assessments. The PRB publishes its decisions and judgments of the BiH Court on the Portal, as required by the PPL.⁴²⁸ The current format of published decisions does not facilitate efficient access to case law. While users can filter decisions based on criteria, such as the name of contracting authority or decision number, the search engine lacks a basic text-search function that would allow users to find information on how earlier case law dealt with a specific situation or legal problem. As a result, the published information is of limited usefulness. Implementing a comprehensive search engine would greatly improve access to the PRB and BiH Court case law, enhancing legal continuity, certainty and transparency.

Decisions of the PRB may be challenged in the Court of BiH. In 2023,⁴²⁹ 281 administrative disputes were initiated against PRB decisions, accounting for 7.53% of all cases that year. Out of all the Court decisions made in 2023, the Court accepted the lawsuit and returned the case to the PRB in 152 instances. Although the Court is mandated to adopt its decisions urgently within 60 days of receiving the lawsuit, administrative disputes often drag on for excessive periods, ranging from one to three years.⁴³⁰ The length of judicial procedures is one of the most criticised aspects of the public procurement system in BiH.⁴³¹

The review system is increasingly challenged from "professional appellants", individuals who, often represented by legal counsel, file numerous appeals primarily during the tender submission phase. These actions are reported to obstruct procurement procedures or seek financial gain through legal fee reimbursements, rather than rectifying errors.⁴³²

Remedies under the PPL are not available to concessions and PPPs, since the PPL explicitly excludes concessions and PPPs from its scope.

Each of the concessions and PPP laws has its own unique review mechanism, contributing to further fragmentation and complexity within the regulatory landscape.

The State-level Concessions Law refers to the Court of BiH. In the FBiH, the competent court for such disputes is the Supreme Court of the FBiH. According to the RS Concessions Law, the decision on the

⁴²³ The rationale redundantly reiterates the allegations made by the appellant and statements made by the contracting authority throughout the decisions.

⁴²⁴ Case JN2-03-07-1-3631/23, pp. 4-5.

⁴²⁵ SIGMA interview with the PRB, April 2024.

⁴²⁶ Rulebook on the Establishment of a Formal Co-ordination Mechanism within the PRB No. 01-02-3-233-11/21 of 2 December 2021.

⁴²⁷ SIGMA interview with the PRB, April 2024.

⁴²⁸ Total appeals resolved in 2023, according to the PRB, is 3 730. The number of PRB decisions published on the Portal for the period 1 January 2023 to 31 December 2023 is 4 109.

⁴²⁹ Information provided by the PRB.

⁴³⁰ Information provided by the PRB.

⁴³¹ SIGMA interviews in April 2024.

⁴³² The Law on Amendments and Supplements to the Public Procurement Law, Official Gazette of BiH No. 50/2024 that entered into force on 31 July 2024 was adopted with an aim to address the issue of professional appellants.

selection of the best tenderer and the award of a concession are final, and an administrative dispute may be initiated. However, this option is available only when a public invitation procedure is used; it does not apply to unsolicited proposals or negotiated procedures.

Most of PPP/concessions laws do not contain detailed provisions on review and remedies.⁴³³ It is thus not clear, for example, which time limits need to be respected for lodging complaints, what are the time limits for deciding on disputes, whether interim measures are available, against which decisions review can be sought, and if the review bodies are obliged to take “rapid and effective” decisions.

⁴³³ Except for the PPPs in RS where these issues are regulated in the Regulation on the procedure of selection of private partner in PPP.

External audit

Principle 31: All public funds are effectively audited by an independent auditor that provides assurance on the use of public resources and helps improve the functioning of the public sector.

The SAIs are well established with clearly defined mandates and operational frameworks outlined in the SAI Laws. They conduct audits using methodologies that are in line with the ISSAIs, with procedures regularly updated. However, there is still room for improvement in development of audit methodologies, especially the quality management systems, and the implementation rate of recommendation remains low. While engagement with society and public institutions is strong, the use of audit reports by Parliamentary Committees remains inconsistent.

Indicator 31. Adequacy of the legal framework for external audit and its effectiveness in practice	2024 indicator value			
	State level	FBiH	RS	BiH
	73/100			
Sub-indicators	Points			
1. Constitutional, legal, organisational and managerial independence of the SAI	15/19 ⁱⁱ	14/19 ⁱⁱ	16/19 ⁱⁱ	15.7/20
2. Adequacy and coverage of the SAI mandate and its alignment with IFPP	7.5/10	9.4/10	10/10	9/10
3. Governance and management of the SAI	4.5/10	5/10	5/10	4.8/10
4. Compliance of audit methodology with ISSAIs / Audits are conducted in accordance with the ISSAIs	6/10	8/10	9/10	7.7/10
5. Quality management of the SAI	8/10	8/10	8/10	8/10
6. Reporting and the follow-up of audits	6/6 ⁱⁱ	6/6 ⁱⁱ	6/6 ⁱⁱ	9.7/10
7. Implementation of audit recommendations	7.7/15	8.2/15	11.7/15	9.2/15
8. SAI external engagement and communication	4/4 ⁱⁱ	4/4 ⁱⁱ	2.5/4 ⁱⁱ	4.3/5
9. Use of SAI reports by the legislature	9.3/10	0.7/10	3/10	4.3/10

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise. (ii) = data not applicable.

The requirement for independent SAIs is not established in the respective constitutions. However, the functional, operational and financial independence and the mandate and organisation of the SAIs are well regulated in the Law on Auditing the Institutions of BiH (2006), the Law on Public Sector Auditing of the RS (2014), the Law on Auditing the Institutions in the FBiH (2006) and the Law on the Audit of Public Administration and Institutions in the BD of BiH (2016).

The Auditors General (AGs) and deputies of the four SAIs are appointed for a term of seven years, without the possibility of reappointment. The AGs in all four SAIs were appointed in accordance with the requirements of the Law⁴³⁴ and there were no cases of the removal of AGs or deputies for reasons not specified in the legal framework in the past three years. Neither the SAI Laws nor any other laws provide the institutions with protection by a Supreme Court against interference in their independence or mandate.

The financial independence of the SAIs of BiH, the FBiH and the RS is ensured by the respective SAI laws.⁴³⁵ According to these laws, the SAIs submit their draft budgets to the responsible commission of the respective legislature and, after approval, to the relevant MoF to be incorporated into the respective budgets. In the case of the SAI of the BD, the AG approves the draft budget and submits it to the FD in

⁴³⁴ SAI Laws: BiH SAI, Articles 23-25; FBiH SAI, Articles 23-25; RS SAI, Articles 9-10; and BD SAI, Articles 25-28.

⁴³⁵ SAI Laws: State and FBiH SAI, Article 5; RS SAI, Article 25; BD SAI, Article 5.

accordance with the Law on the Budget of the BD of BiH.⁴³⁶ The Mayor, the Government, and the FD cannot make changes to the budget requests submitted by the Audit Office.

The executive has no control or direction over how the SAIs use their financial resources and execute their budgets after they are approved by their respective parliaments. But it should be noted that any request for the redistribution of funds within the approved budget must be submitted to the relevant MoF for approval. Although there have been no reported issues, this requirement could potentially impact financial independence.

The Laws provide the SAIs with the right to access premises, documents, and information.⁴³⁷ However, due to discrepancies with other laws and differing interpretations of the SAIs' mandates, there were four reported cases where access to premises and documentation was restricted.⁴³⁸ The SAIs took all reasonable steps to address these challenges, including informing the responsible institutions about these cases.

The perception of the SAIs' independence across the civil service in BiH is broadly positive, with 62%⁴³⁹ of surveyed civil servants responding that the SAIs carry out their work and activities independently of their respective administrations.

In accordance with Laws on the SAIs, the SAIs conduct the financial (including compliance) and performance audits.⁴⁴⁰ The Laws on the SAIs give them legal authority to carry out audits on all public bodies and institutions, on companies in which the State-level or Entity government has a shareholding of 50% plus 1 share or more, as well as funds provided from the budget to any other institution. The RS SAI is authorised to audit public institutions, public and other undertakings in which the RS has a direct or indirect ownership stake. The mandates of the BD SAI, the RS SAI and the FBiH SAI also include auditing local government. However, certain institutions or organisations, such as the Central Bank, Radiotelevision of BiH the Official Gazette and the BiH Foreign Chamber of Commerce, are not subject to audit by any of the Audit Offices. In addition, the indirect taxation collected by the Indirect Taxation Authority is not subject to an effective audit either.⁴⁴¹

All SAIs are required⁴⁴² to submit their reports to the parliament and make them public after submission. In 2023, the SAIs approved a total of 319 audit reports and published them on their websites.

In 2023, the SAIs carried out all 153 mandatory financial/compliance audits and submitted all the related audit reports to the parliament for the financial year ended 31 December 2022 (Table 6).

These reports included audits of the annual financial statements on the execution of the budget and the annual financial statements of all budget organisations funded directly by the annual Budget Law.

⁴³⁶ Law on the Budget of the BD of BiH, Article 44 paragraph 2.

⁴³⁷ SAI Laws: BiH SAI, Articles 39 to 44; FBiH SAI, Articles 39 to 43; RS SAI, Article 16; and BD SAI, Article 11.

⁴³⁸ One case in BiH SAI and three cases in FBiH SAI.

⁴³⁹ SIGMA Survey of Public Servants on the functioning of public administration 2024: average of State-level (55%, n=92), FBiH (69%, n=153) and RS (61%, n=121) Based on the responses to the statement: "The supreme audit institution carries out its work and activities independently of the government."

⁴⁴⁰ SAI Laws: BiH SAI, Articles 13 and 14; FBiH SAI, Articles 13 and 14; RS SAI, Articles 18 and 19; and BD SAI, Articles 13 and 14.

⁴⁴¹ SIGMA Peer Review of the Supreme Audit Institutions of Bosnia and Herzegovina, 2020, https://www.vrifbih.ba/wp-content/uploads/2023/06/SIGMA_BiH_Peer_Review_Report_ENG.pdf

⁴⁴² SAI Laws: BiH SAI, Article 16; FbiH SAI, Article 16; RS SAI, Article 21; and BD SAI, Article 20.

Table 6. Number of audits in 2023

SAI	BiH	FBiH	RS	BD	Total
Mandatory financial/compliance audits	75	20	26	32	153
Non-mandatory financial/compliance audits	0	82	60	0	142
Follow-up of financial audits	0	12	4	0	16
Performance audits	4	3	6	1	14
Follow-up of performance audits	2	3	4	1	10
Total	81	120	100	34	335

Source: Annual reports of the SAIs of BiH, the FBiH, RS and BD.

In 2023, the SAIs conducted 14 performance audits across various policy areas, including public administration, infrastructure, health, the environment, economic development, education and social security. These audits also addressed key policy domains, such as the green agenda, sustainability, climate protection, the Sustainable Development Goals, gender equality and digitalisation. However, the number of performance audits was influenced by two main factors: limited human resources and the requirement to complete mandatory audits, which reduced the resources available for additional performance audits.

All SAIs have approved strategic development plans that establish their mission, vision, values, and clear objectives and subgoals, including for the development of human resources. However, these plans do not include measurable indicators. The SAIs have also developed a matrix for the implementation of strategic goals. In-year monitoring of progress on strategic and operational plans is performed through regular collegiate body meetings. However, there are no in-year monitoring reports on the implementation of the strategic plan that regularly assess the progress of activities. The SAIs have also approved annual/operational plans covering both audit work and support services, although they do not clearly articulate timelines, required resources, estimated budgets, outputs or project responsibilities.

All the SAIs, prepare an annual report on their performance, which is available on their websites. The annual reports include financial information of the SAIs, but these have not been subject to an independent audit.

The laws on the SAIs stipulate that they must apply the ISSAIs and adopt and publish these standards.⁴⁴³ The SAIs use approved manuals for financial/compliance audits and performance audits which are broadly in line with the ISSAIs, and the SAIs continue to develop their procedures and guidelines to reflect changes in the standards.⁴⁴⁴

The quality control system is based on the Audit Quality Control Guidance (for financial audits) and the Performance Audit Quality Assurance Guidance that were developed through the Co-ordination Board,⁴⁴⁵ although the RS SAI uses its own procedure for quality control. However, the international standards for quality management have been revised, and the guidance requires further development in accordance with the revised ISSAI 140.⁴⁴⁶ To ensure adoption of ISSAI 140, the BiH SAI is participating in the

⁴⁴³ SAI Laws: BiH SAI, Article 10; FBiH SAI, Article 10; RS SAI, Article 15; and BD SAI, Article 10.

⁴⁴⁴ In 2023, the BiH SAI began revising and updating the financial audit methodology and developed guidelines to improve existing work practices. Similarly, the FBiH SAI and the RS SAI have been updating their existing procedures and guidelines.

⁴⁴⁵ The SAIs of the BiH, the FBiH, the RS and the BD co-operate through the Co-ordination board, which is established under the Law of the BiH SAI. Its responsibilities include establishing consistent guides and instructions based on INTOSAI auditing standards, exchanging professional experiences, and organising and co-ordinating development activities.

⁴⁴⁶ ISSAI 140, Quality management of SAIs, comes into force on 1 January 2025.

Development Initiative pilot project of the International Organization of Supreme Audit Institutions (INTOSAI) to develop a comprehensive quality management system.

To ensure the quality of audit work, the SAIs' Methodology and Quality Control departments (or appointed persons in the case of the BD SAI) conduct quality control reviews of draft audit reports. The SAIs document the results of the quality reviews in the audit reports through track changes, except for the RS SAI which produces specific quality review reports. Additionally, inspections ("cold reviews") were carried out and documented in the FBiH, RS and BD SAIs. The BiH SAI did not conduct cold reviews in 2023 due to limited resources.

To ensure that auditors' ethical behaviour fosters the necessary trust and reputation, all SAIs have a code of ethics aligned with the requirements of ISSAI 130, and these codes are publicly available.

The SAIs have established policies and procedures for reporting on all audit engagements, using approved reporting templates. The audit opinions and reports are submitted to the audited entities within the established legal timeframe, and auditees have the right to comment on the audit reports, findings and recommendations.

There are different practices among the SAIs for collecting feedback from audited institutions. The State-level and FBiH SAIs have established systems for regularly obtaining feedback from auditees through surveys, with the FBiH SAI reporting the results in its annual report. In contrast, the other SAIs use a less structured approach, based on responses from auditees after audits. In these cases, audit subjects can comment on certain elements of the audit process itself, but the process is not formalised, and the results are not collated and analysed or reported. However, the results of the SIGMA Survey of Public Servants on the functioning of public administration 2024 about the reporting of the SAIs are very positive, with 84%⁴⁴⁷ indicating that the reports are understandable and 82%⁴⁴⁸ agreeing or tending to agree that the recommendations the SAIs make are relevant and useful. Additionally, 55% of citizens surveyed indicated that they are familiar with the work of the SAIs.⁴⁴⁹

In recent years, the SAIs have strengthened the supervision of the implementation of recommendations, including conducting follow-up audits. For financial audits conducted every year, the implementation of all previously issued recommendations is assessed and reported. Additionally, in FBiH and RS separate follow-up audits are conducted for financial audits not undertaken every year. For performance audits, the implementation of recommendations is based on follow-up audits conducted two to five years after the publication of the performance audit report. Databases of issued recommendations and results of monitoring the audit recommendations are available on the SAIs' websites.

There has been an improvement in the implementation of SAIs' recommendations since the last assessment. However, the implementation rate of the recommendations remains low and needs further improvement (Figure 57). The implementation rates reported in 2023 for fully implemented financial audit recommendations were: BiH SAI, 35%; FBiH SAI, 37%; BD SAI, 27.99%; and RS SAI, 55%.⁴⁵⁰ The BiH SAI indicated in its annual report that a significant number of recommendations (48%) have been repeated for several years. This repetition results from the management of institutions not taking responsibility for their implementation, inconsistent application of legislation and by-laws or the absence of someone with responsibility for finding systemic solutions.

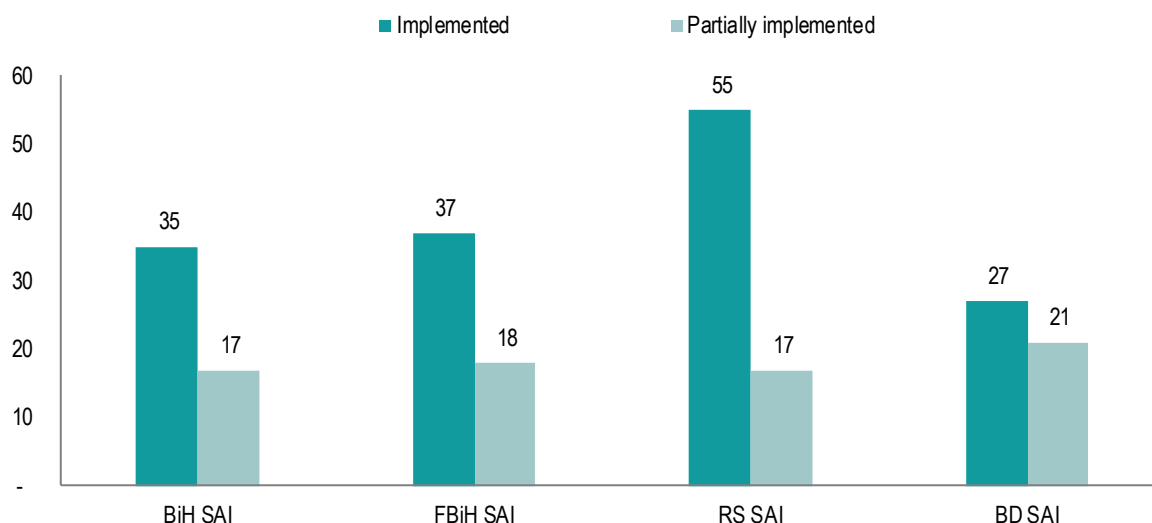
⁴⁴⁷ SIGMA Survey of Public Servants on the functioning of public administration 2024.

⁴⁴⁸ *Ibid.*

⁴⁴⁹ SIGMA Survey of Citizens on public administration in the Western Balkans 2024, conducted in April 2024.

⁴⁵⁰ BiH SAI Annual Audit Report on Main Findings and Recommendations for 2022; FBiH SAI Annual Audit Report on Main Findings and Recommendations for 2022/2023; RS SAI Annual Audit Report 2023; and BD SAI Annual Activities Report 2022.

Figure 57. Implementation rates reported in 2023 for financial audits



Source: BiH SAI Annual Audit Report on Main Findings and Recommendations for 2022; FBiH SAI Annual Audit Report on Main Findings and Recommendations for 2022/2023; RS SAI Annual Audit Report 2023; and BD SAI Annual Activities Report 2022.

In recent years, the SAIs have undertaken activities to strengthen their external communication and engagement systems to inform stakeholders about the SAIs' roles and responsibilities, as well as the results of the audit work. The BiH and FBiH SAIs have developed and approved communication strategies that include communication plans for different stakeholders. The SAIs actively communicate the results of audits using various communication tools, such as their websites, press releases, participation in conferences and meetings with representatives of institutions and NGOs. The SIGMA Survey of Citizens on public administration in the Western Balkans 2024, conducted in March-April 2024, indicates that around 55% of respondents are at least to some extent familiar with their work.

Formal mechanisms for handling SAI reports in the parliaments are in place, and in accordance with legal requirements, the SAIs submit the reports to the Parliament. In 2023, parliament committees discussed the audit reports of the BiH, RS and BD SAIs in hearings with auditees. However, the Joint Committee in charge of Audit for the Parliamentary Assembly of the FBiH was not formed in 2023, and no reports were considered during that year. The Committee was eventually established in June 2024 with hearings on historic audit reports commencing. Additionally, specific audit reports of the BiH, FBiH and BD SAIs were considered in Parliamentary Subject Committees relevant to their policy competences. The practice of co-operation between SAIs and Parliament varies.

Financing of local governments

Principle 32: Regional and local governments have resources and adequate fiscal autonomy for exercising their competences, with financial oversight to foster responsible financial management.

The legal framework in both Entities of BiH includes provisions to ensure the fiscal autonomy of municipalities. Although multiple control mechanisms are formally in place, financial data is not easily available. There is no institutionalised equalisation system for mitigating the existing disparities in the FBiH, while the current fiscal equalisation system in RS is not effective. The complexity of multi-level governance in the FBiH significantly impacts transparency, information sharing, coherence and co-ordination.

Indicator 32. Fiscal autonomy of local governments		2024 indicator value			
		State level	FBiH	RS	BiH
Sub-indicators		Points			
1.	Legislative guarantees for fiscal autonomy and diverse sources of revenues of local governments	ii	15/19	13/19	14/19
2.	Rules for fiscal equalisation to mitigate disparities among local governments	ii	4/10 ⁱ	4/10 ⁱ	4/10 ⁱ
3.	Mechanisms for financial oversight of local governments	ii	9.4/12	12/12	10.7/12
4.	Local governments' right to raise and manage own finances	ii	7/23	7.3/23	7.2/23
5.	Rules for conditional and unconditional grants to local governments	ii	7.1/10	10/10	8.6/10
6.	Financial balance and fiscal sustainability of local governments	ii	1.2/26 ⁱ	4.3/26	2.8/26

Notes: The values for Bosnia and Herzegovina are the simple average of the State level, FBiH and RS unless indicated otherwise. (i) = data not available or not provided. (ii) = data not applicable. (iii) = data not available or provided and partially not applicable.

In both Entities, the legal framework incorporates guarantees for the fiscal autonomy of local government units (LGUs). It introduces a variety of revenues⁴⁵¹ and establishes precise criteria for allocating resources to municipalities according to stable rules.⁴⁵² Article 103 of the Constitution of the RS and the Law in both Entities introduce the principle that resources should be commensurate with the responsibilities of local governments, and in both Entities municipalities can own assets. However, in the RS, the municipal assembly cannot adopt the budget in case of a negative opinion from the MoF. In the FBiH, the budget proposal is submitted to the cantonal MoF, not for approval, but to obtain its opinion on compliance with the fiscal rules and the planned revenues and receipts.

In both Entities, LGUs have the right to borrow, provided they follow procedural rules and receive the relevant authorisation. In the FBiH, parliamentary consent is additionally required for external borrowing. Neither Entity has provided data on the percentage of municipalities that comply with the legal debt limits, although from the aggregate figures can be concluded that generally municipalities are within legally defined debt limits. In 2021, total municipal debt in the FBiH reached 1.1% of GDP and 28% of total municipal revenue, but in the RS it reached in 3.6% of GDP and 47% of total municipal revenue, which is high in the region.

Also, data about payment arrears (unpaid obligations as of the end of the calendar year 2023) at local level are not available. Together with the overall debt data, these facts raise worries concerning the efficiency of financial management at the local level. From a normative point of view, however, sufficient provisions

⁴⁵¹ In the RS, Law on Local Self-Government; in the FBiH, Law on Principles of Local Self-Government.

⁴⁵² In the RS, Law on Budget System; in the FBiH, Law on Allocation of Public Revenues.

seem to be in place: the legal framework establishes a comprehensive system for audits of LGUs⁴⁵³ and internal financial supervision.

The primary independent audit institution is the Main Audit Service in the RS, and the Audit Office in the FBiH. In RS, 20 municipalities (31%) were audited in 2023 and in FBiH audits were carried out in 17 municipalities (21% of all local government units). In the RS, the MoF also carries out financial supervision. Quarterly reports on the implementation of the budgets must be submitted to the MoF which has stated that only 1% of recommendations are not followed.⁴⁵⁴ In those cases, the ministry activates the budgetary inspectorate to examine the reasons. In both Entities, the laws establish a framework for the financial stabilisation of local government budgets, also allowing for temporary measures under exceptional circumstances and providing for sanctions when fiscal rules are broken.

To promote fiscal equalisation in the RS, the LGUs are divided into four categories based on their development status: 1) developed municipalities (cities); 2) medium developed municipalities; 3) underdeveloped municipalities; and 4) extremely underdeveloped municipalities. The law underlines that the Republic provides special support to financially underdeveloped and extremely underdeveloped LGUs, to reduce differences in the level of development and the financial burden in the execution of responsibilities. The amount of the Transfer for Underdeveloped and Extremely Underdeveloped Municipalities” is not significant, at BAM 3.3 million⁴⁵⁵ in 2022 (originally BAM 3.7 million in 2009).⁴⁵⁶ In 2022, 35 out of 64 LGUs fall into the two categories of underdevelopment. These municipalities face acute problems, such as depopulation, aging population, limited social protection, weak public infrastructure and underdeveloped economies.

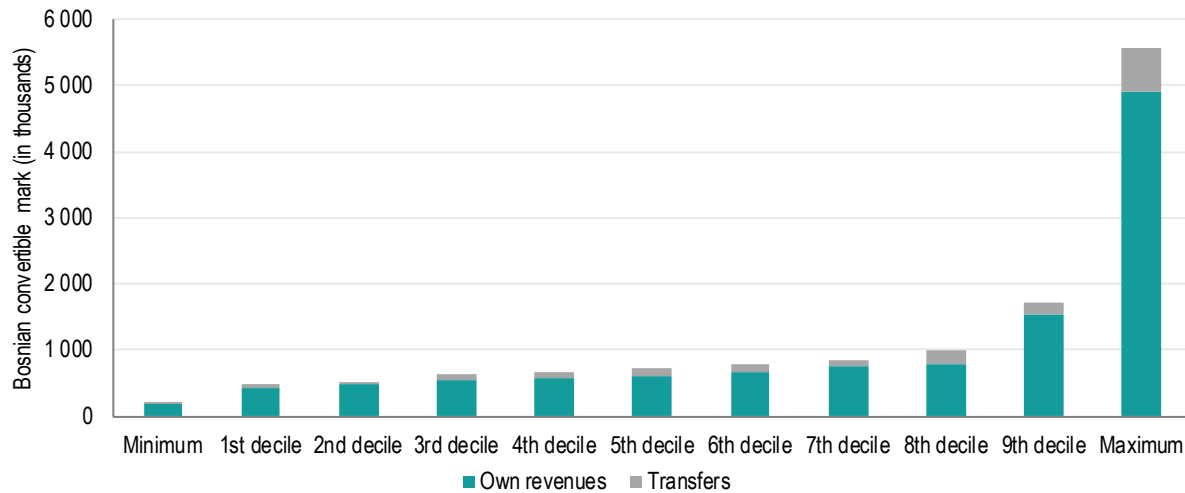
⁴⁵³ For example, Law on Auditing the Institutions of the FBiH, Article 11.

⁴⁵⁴ Congress of Local and Regional Authorities of the Council of Europe (CLRAE), Local and Regional Democracy in BiH, Strasbourg 2019 No. 138, p. 27.

⁴⁵⁵ BAM 3.3 million corresponds to less than EUR 1.7 million.

⁴⁵⁶ NALAS (Network of Associations of Local Authorities of South-East Europe) (2024), Fiscal Decentralisation Indicators for South-East Europe, 9th Edition, NALAS, Skopje, <http://www.nalas.eu/ninth-edition-of-nalas-fiscal-decentralization-indicators-for-edition-south-east-europe/>, p. 106.

Figure 58. Per capita revenue of RS local governments before and after equalisation



Source: SIGMA calculations based on financial reports provided by the MoF.

Between the ninth and the second decile, the score of revenues' inequalities (the ratio between the municipality in the 9th decile over the municipality in the 1st decile) is 3.7 before equalisation and remains 3.7 after equalisation (Figure 58). This means that inequalities are not being reduced and that the current equalisation system is ineffective with the small amount of the relevant transfer.

In the FBiH, there is no legal obligation for equalisation at either the entity or at the cantonal level. However, legal provisions on the allocation of revenue include criteria with equalisation effects. Notably, out of the single account at the State level (where indirect taxation is paid), from the revenues belonging to the FBiH, 8.4% is distributed to finance the functions of LGUs (as an unconditional transfer). In 2022, the unconditional transfer constituted 30% of municipal revenue. Just 7% of this transfer is allocated based on the level of development of municipalities, defined through the development index. The actual effects of this redistribution could not be calculated, due to the lack of financial data per LGU.

Another outstanding feature in the FBiH is that LGUs must participate in debt servicing at the level of FBiH. The external debt service effectively reduced local governments' share of indirect taxes from the legally defined 8.42% (see above) to 7.1%. This process means that LGU revenues depend on external debt servicing, leading to unpredictable revenues in the medium and long term.⁴⁵⁷

Concerning conditional transfers, in April 2024 the FBiH Government took a decision outlining the distribution and procedures for allocating funds established in the 2024 Budget. These funds (EUR 26 million) fall under the category of Capital Transfers to Other Levels of Government and Funds and are intended for LGUs. They will be allocated for projects, requests, or initiatives. A public call has been issued for submission of relevant applications, which includes the criteria for fund allocation.⁴⁵⁸

Concerning shared taxes, the FBiH LGUs are entitled to at least 34.46% of Personal Income Tax revenues collected in their territory. In 2022, about 21% of local government revenue came from shared taxes. Another 13% comes from conditional grants, which municipalities receive either from the FBiH or, more

⁴⁵⁷ NALAS (2024), Fiscal Decentralisation Indicators for South-East Europe, 9th Edition, NALAS, Skopje, <http://www.nalas.eu/ninth-edition-of-nalas-fiscal-decentralization-indicators-for-edition-south-east-europe/>, p. 93.

⁴⁵⁸ Public call for submission of applications for financing/co-financing of projects/requests/initiatives/other activities of importance for local self-government units in the FBiH: <https://fbihvlada.gov.ba/bs/javni-poziv-za-podnosenje-prijava-za-finansiranje-sufinansiranje-projekata-zajtje-vainicijativa-ostalih-aktivnosti-od-znacaja-za-jedinice-lokalne-samouprave-u-fbih>.

frequently, the cantons, mostly for specific investment projects. Own-source revenues constituted 35% of total local revenues in 2021, primarily composed of local and communal fees and asset revenues.⁴⁵⁹

A major problem in the FBiH is that there is no unified system of precise rules on fees and charges. The lack of standardisation, combined with insufficient revenues to cover the costs of assigned competences, are the two main reasons for the increase in local fees and charges. The Federal MoF established a Register of Fees and Charges in November 2017. According to this register, there were 350 different fees, with an average of 20 fees per municipality. The increase in fees is considered a significant obstacle to development, as it raises the cost of doing business.⁴⁶⁰

In the RS, LGUs are eligible for conditional grants from the Government, primarily for investment purposes. Unconditional transfers are set as a percentage (24%) of the Entity's share of indirect taxes collected at the State level. On the other hand, the actual amounts of shared indirect tax revenues for LGUs are determined after repayment of the RS's external debt. In 2022, the repayment of this debt accounted for 16.3% of the total indirect taxes to which the RS is entitled. Out of the total local government revenue, general grants reach a share of 54%, while investment grants reach a percentage of 4%. That means that unconditional transfers constitute a majority of municipal revenue in the RS.

The own-source revenues of LGUs in the RS include property tax, municipal and communal fees, asset sales and rentals, special water fees and usage fees, tax on winnings from games of chance, residence taxes, concession fees and fines (.). Besides minor taxes, LGUs are authorised to set a base for the rate of property tax (up to 0.20%), which is particularly important in the largest cities.

In the RS, the proportion of shared taxes reached 6% of total local government revenue, while unconditional transfers (general grants) reached 54% and investment grants 4%. This structure implies considerable fiscal autonomy, but since the available resources are limited and LGUs try to increase their resources through borrowing, some of them are trapped in a vicious circle of poor revenue and indebtedness.

In the FBiH, own revenues reached 35% of total local government revenue in 2021, shared taxes reached 21%, while general grants reached 30% and investment grants 13%.⁴⁶¹

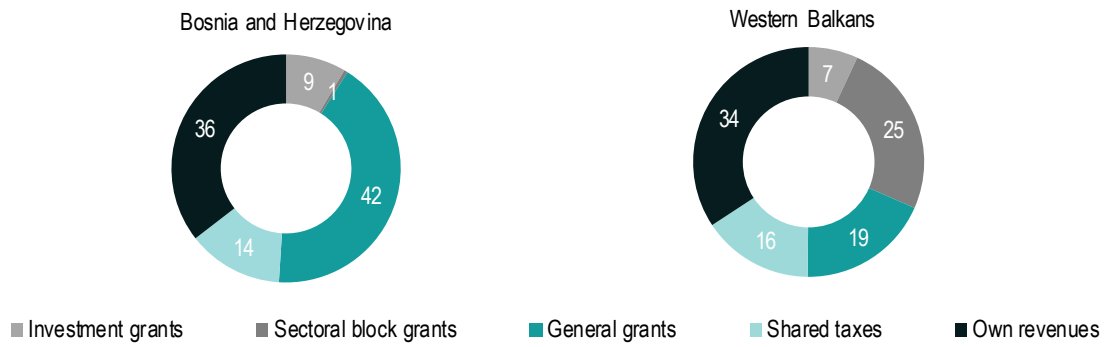
The combined structure of local government revenues in BiH shows that within the limited overall allocations, the municipalities have a good level of autonomy to decide on their spending.

⁴⁵⁹ NALAS (2024), Fiscal Decentralisation Indicators for South-East Europe, 9th Edition, NALAS, Skopje, <http://www.nalas.eu/ninth-edition-of-nalas-fiscal-decentralization-indicators-for-edition-south-east-europe/>, p 94.

⁴⁶⁰ *Ibid.*

⁴⁶¹ NALAS (2023), Local Government Finance Indicators in South-East Europe, Statistical Brief 2023, 3rd Edition, (data for 2021), NALAS, Skopje, <http://www.nalas.eu/category/publications/>.

Figure 59. Structure of local government revenues in the Western Balkans, 2021



Source: NALAS (Network of Associations of Local Authorities of South-East Europe) (2024), Fiscal Decentralisation Indicators for South-East Europe, 9th Edition, NALAS, Skopje, <http://www.nalas.eu/ninth-edition-of-nalas-fiscal-decentralization-indicators-for-edition-south-east-europe/>.

Public administration in Bosnia and Herzegovina 2024

This report provides analysis on how Bosnia and Herzegovina performs based on the standards set by the Principles. It covers the six thematic areas of the Principles (strategy, policy development and co-ordination, public service and human resource management, organisation, accountability and oversight, service delivery and digitalisation, and public financial management) and provides indicator values and comparison of overall trends across the public administration.