

BOSNIA

POLITICAL CRITERIA

Democracy

Elections

The 12 October 2014 general elections were assessed as being efficiently administered and held in an orderly manner and competitive environment. The OSCE Office for Democratic Institutions and Human Rights made a number of recommendations to further improve the electoral framework.

Parliament

Bosnia and Herzegovina's Parliamentary Assembly has started to function and deliver on the legislative agenda. Cooperation between the State-level, Entity-level and Brčko District parliaments has yet to be improved.

Governance

Bosnia and Herzegovina's institutions made **some progress** towards addressing the outstanding reform priorities notably with the adoption of the Reform Agenda and the start of its implementation. **However**, major challenges remain, including the need for closer cooperation and coordination at all levels of government. The Constitution remains in breach of the European Convention on Human Rights (the Sejdić-Finci judgment).

Civil society

No progress was made in improving mechanisms for dialogue and cooperation between government and civil society organisations. The legal and financial framework needs to be further improved.

Public administration reform

Bosnia and Herzegovina is at an early stage with the reform of its public administration. No progress was achieved in the past year. The lack of broad political support for country-wide reforms and the fragmentation of public service are hampering efforts to carry out institutional and legislative reforms. A systematic approach to policy development and coordination is still largely lacking and the politicisation of the civil service continues to be an issue of concern.

In the coming year, Bosnia and Herzegovina should in particular:

- develop, adopt and start to implement a new country-wide strategic framework for public administration reform and ensure appropriate political leadership and guidance to public administration reform in the country;
- ensure implementation of an effective human resources management system;
- develop a public financial management reform programme.

Rule of law

Functioning of the judiciary Bosnia and Herzegovina's justice system has achieved some level of preparation. **Some progress** was achieved in the last year, notably through the adoption of a justice sector reform strategy. In September at a ministerial meeting in the framework of the Structured Dialogue, the authorities reiterated their commitment to develop jointly key features of the reform of the judiciary.

However, politically motivated attacks against the judiciary continued, measures to ensure full accountability of judges and prosecutors remain to be adopted, there remains a need to develop specialised training and the efficiency of parts of the system is seriously hampered by a backlog and excessively lengthy proceedings.

In addressing the shortcomings outlined below, in the coming year Bosnia and Herzegovina should in particular:

- adopt an action plan with result indicators and budgeted activities to implement the 2014- 2018

justice sector reform strategy;

→ strengthen accountability and integrity mechanisms, particularly through a more deterrent disciplinary system and by adopting measures to prevent conflicts of interest;

→ adopt a backlog reduction plan for utility-related cases;

→ modernise the training and provide full access to court decisions.

Fight against corruption

Bosnia and Herzegovina **has some level of preparation** in the fight against corruption. **Some progress** has been achieved in the past year. However, the legal and institutional framework remains weak and inadequate. The lack of enforcement of the law negatively affects citizens and institutions. As a general pattern, the penalties in force are not enough of a deterrent against corruption.

Corruption continues to be widespread and the political commitment on this subject has not translated into concrete results. In the coming year, Bosnia and Herzegovina should pay particular attention to:

→ ensuring that sufficient funds from the budget are allocated to the anti-corruption strategy and implementing its action plan;

→ establishing outstanding prevention and monitoring bodies at the relevant levels of government and ensuring their functioning, under the coordination of the Agency for the Coordination of the Fight against Corruption and Prevention of Corruption;

→ improving the legislative framework, particularly for political party financing, asset declarations and protection of whistle-blowers;

→ bringing in tougher penalties on the prevention and combat of corruption in order to achieve more of a deterrent effect

Fight against organised crime

The fight against organised crime has reached some level of preparation. Some progress has been made over the past year.

Coordination and cooperation between all institutions throughout the country needs to be significantly improved. The number of final convictions remains low. Financial investigations remain under used. The lack of strategic coordination is hampering the effective delivery of police services. To remedy the systemic shortcomings, Bosnia and Herzegovina should pay particular attention in the coming year to:

→ strengthening the framework for inter-agency cooperation among law enforcement bodies to allow for the establishment of specialised multi-agency investigation teams for complex cases involving organised crime, economic crime and corruption and to make it possible to dismantle criminal networks;

→ regulating mutual access to databases and the exchange of information between law enforcement agencies and prosecutors' offices;

→ developing effective asset confiscation and recovery systems at all levels.

Human rights and the protection of minorities

The legal and institutional framework for the observance of human rights requires substantial improvements. No progress was achieved over the past year in addressing country wide reforms conducive to creating the conditions for the effective exercise of some human rights. Conditions for the exercise of the freedom of expression have deteriorated.

Shortcomings particularly affect the following areas:

- Effective protection of human rights is undermined by the uneven implementation of the anti-discrimination legislation and the absence of a country-wide anti-discrimination strategy.

- The country is still missing an effective free legal aid system to guarantee efficient access to justice.

- The lesbian, gay, bisexual, transgender and intersex community continued to be subject to threats

and attacks.

- Socio-economic integration of the Roma minority continues to be undermined by limited action on health, education and employment. Bosnia

Freedom of expression

There is some level of preparation on the right to freedom of expression. However, the country has been backsliding in this area. Although the legal provisions are generally in place, the institutional and political environment is not conducive to creating the conditions for full freedom of expression. The financial stability of the system of public service broadcasting remains to be addressed. Political pressure and intimidation towards journalists continued during the reporting period. Transparency on media ownership continues to be lacking. Recent legislative developments in Republika Srpska raise concerns over possible limitation of online freedom of expression.

In the coming year, Bosnia and Herzegovina should particularly pay attention to:

- ensuring proper follow-up on cases of threats to journalists;
- securing depoliticisation, financial and institutional stability and editorial independence for the Public Service Broadcasters;
- finalising the reform of the broadcasting system and harmonising relevant entity legislation with legislation at State level

ECONOMIC CRITERIA

The existence of a functioning market economy

Bosnia and Herzegovina **is at an early stage in developing a functioning market economy, although some progress has been made.** In particular, steps have been taken to strengthen policy coordination and to improve the business environment, particularly on the ease of market entry and the granting of construction permits. Despite the setback from the spring floods, economic growth remained positive.

However, stronger and sustainable economic growth will require the development of a more dynamic private sector. This requires strong political support and the timely implementation of much-needed structural reforms.

In line with the ERP recommendations and the Reform Agenda and in order to support long-term growth, in the coming year Bosnia and Herzegovina should pay particular attention to:

- increasing the quality of public finance, for example by providing for more fiscal space, in particular for capital investment;
- improving its budget management framework;
- taking steps to advance restructuring and privatisation and to improve the business environment.

The capacity to cope with competitive pressure and market forces within the Union

Bosnia and Herzegovina is at an early stage in achieving the capacity to cope with competitive pressure and market forces within the Union, although some progress has been made, in particular on the liberalisation of energy markets. There were however no positive developments in the quality of education (a key driver of competitiveness). State influence on the economy remains significant and puts a persistent burden on public finances.

In line with the ERP recommendations and in order to support long-term growth, in the coming year Bosnia and Herzegovina should pay particular attention to:

- developing a more strategic approach to tackling deficiencies in its training and education system; improving teacher training and, in turn, the basic and transversal skills of students.
- simplifying its complex procedure for exports;
- developing a transport strategy and an energy strategy.

EUROPEAN STANDARDS

Internal market

The country is at an early stage of preparation in the area of **free movement of goods**. There has been some progress, notably in the areas of standardisation, accreditation, metrology and consumer protection. In the coming year, Bosnia and Herzegovina should in particular:

- improve coordination between the relevant institutions;
- repeal conflicting legislation within the country;
- adopt a country-wide strategy for quality infrastructure.

The country is at an early stage of preparations in the area of **movement of persons, services and right of establishment**. Some progress was made in this field. A legal framework for providing universal postal services across the country has yet to be established. In the coming year, Bosnia and Herzegovina should in particular:

- strengthen the Insurance Agency of Bosnia and Herzegovina, whose role in the legislative process needs to be respected by the Entities as set out in the law.
- prepare updated transposition tables to map the level of harmonisation of national legislation with the European banking legislation.
- make further efforts to align with the latest accounting and auditing acquis.

Bosnia and Herzegovina remains moderately prepared in the area of **free movement of capital**, but there was no progress in this area. Further alignment with the acquis is needed to provide for country-wide harmonisation and to create a single economic area,

Bosnia and Herzegovina is moderately prepared in the areas of **customs and taxation**. Some progress was made in these fields, particularly on adopting the new customs policy law, improving protection of intellectual property rights and the overall operational capacity of the Indirect Tax Administration (ITA). In the coming year, Bosnia and Herzegovina should in particular:

- adopt implementing rules to enable the implementation of the new customs policy law;
- improve cooperation between ITA and the tax administrations of the Entities, including through joint audits;
- modify the Law on Excise Duties to align its definition of small breweries with that of the acquis.

The country has some level of preparation on **competition**. No progress was made in this area. In the coming year, Bosnia and Herzegovina should in particular:

- fully implement the State aid legislation and set up the institutional framework needed to control all State aid effectively, in order to comply with the SAA;
- further align with the EU acquis on competition and ensure the Competition Council functions efficiently.

Sectoral policies

Agriculture and fisheries, Environment and climate change, Preparations in the transport area, the area of energy, Preparations in the field of information society and media and the area of financial control are at an early stage and only some progress is being reported.

Justice, freedom and security

Bosnia and Herzegovina has some level of preparation for implementing the acquis in this area. Some progress was made.