



## **SIGMA**

**Support for Improvement in Governance and Management**

A joint initiative of the OECD and the European Union, principally financed by the EU

### **PUBLIC MANAGEMENT PROFILES OF WESTERN BALKAN COUNTRIES:**

#### **BOSNIA AND HERZEGOVINA**

**STATE LEVEL**

**(as of May 2004)**

*For easier reference, separate Profiles have been established for the state level, the Federation of Bosnia and Herzegovina, and the Republika Srpska*

## THE SIGMA PROGRAMME

The Sigma Programme — Support for Improvement in Governance and Management — is a joint initiative of the Organisation for Economic Co-operation and Development (OECD) and the European Union, principally financed by the EU.

Sigma supports partner countries in their efforts to improve governance and management by:

- Assessing reform progress and identifying priorities against baselines which reflect good European practice and existing EU legislation (the *acquis communautaire*);
- Assisting decision-makers and administrations in building institutions and setting up legal frameworks and procedures to meet European standards and good practice;
- Facilitating donor assistance from the EU and other donors inside and outside Europe by helping to design projects, ensuring preconditions and supporting implementation.

Sigma's working partners are governments in:

- Most EU candidate countries — Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia and Turkey.
- Western Balkan countries — Albania, Bosnia and Herzegovina, Croatia, the former Yugoslav Republic of Macedonia, and Serbia and Montenegro / Montenegro, Serbia and Kosovo.
- Russia (under OECD financing).

The Sigma Programme has set its priorities to support reform efforts of partner countries in the following areas:

- Design and Implementation of Reform Programmes
- Legal Framework, Civil Service and Justice
- External Audit and Financial Control
- Public Expenditure Management
- Policy-making and Co-ordination Capacities, including Regulatory Management
- Public Procurement

For further information on Sigma, consult our web site:

<http://www.sigmaweb.org>

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## **1. Political Background**

In its present borders, Bosnia-Herzegovina was created on 25 November 1943 at a session of Tito's Communist Party, the winning party after the Second World War. After the Socialist Federal Republic of Yugoslavia was created in 1945, Bosnia-Herzegovina existed as one of its six republics for nearly 50 years. In the early 1990s, the events in former Yugoslavia and consequently in Bosnia-Herzegovina started to multiply at a dramatic speed. After the referendum, which was boycotted by the majority of the Bosnian Serbs and endorsed by Bosniaks and the Bosnian Croats, Bosnia-Herzegovina declared independence on 1 March 1992, but the existence of the newly proclaimed state was short – the war started the following month.

The beginning of the war in Bosnia-Herzegovina saw two sides at war with each other: on one side were Bosnian Croats and Bosniaks and on the other Bosnian Serbs. However, throughout 1993, Bosnian Croats and Bosniaks fought also heavily with each other. In March 1994, under U.S. pressure, fighting between Bosniaks and Croats ended, with the two sides agreeing to establish a federation on the territory they controlled (the 'Washington Agreement'). They then joined forces against the Bosnian Serbs who lost ground to the offensive and endured NATO strikes in August 1995.

The U.S. decided to launch a diplomatic offensive, thus undertaking a more robust approach than the previous European Union (EU) approach. This led to the Dayton Peace Agreement (DPA), negotiated in November 1995 in Dayton, Ohio and signed on 14 December 1995 in Paris. Under the Dayton Agreement, Bosnia-Herzegovina retained its internationally-recognised borders, but was internally reorganised into two entities – the Federation BiH (51 per cent of the territory) and the Republika Srpska (49 per cent of the territory). The District of Brcko, which was the only territorial issue left unresolved in Dayton, was subsequently included into the state structure as an administrative unit under the jurisdiction of the central state and ruled by an international governor.

The Dayton Agreement included a new Constitution and laid down conditions for international involvement in the implementation of the Agreement. It stipulated the appointment of the High Representative to oversee the implementation of the Agreement and provided for a 60 000 strong NATO-led force, which played a crucial role in providing a safe and secure environment for the consolidation of peace.

Over the years the powers of the High Representative increased, positioning him as the central figure in the political and economic developments in the country and instituting him as the final arbiter in interpreting the text of the Dayton Agreement. Since December 1997 the High Representative has been able to impose decisions in cases of disagreement and to dismiss elected officials. At the same time, the NATO force was significantly reduced, numbering 7 000 in 2004.

Rebuilding the country proved difficult as the three and a half years of war had a devastating effect on Bosnia's society and economy. At the October 2002 elections, the Party for Democratic Action (SDA), the Croatian Democratic Union (HDZ), and the Serb Democratic Party (SDS) received the most votes from among the three constitutive peoples, and with the support of the Party for BiH (SBiH) and the Party of Democratic Progress (PDP), formed new state and entity governments.

The government that entered office in January 2003 vowed to continue with the reforms initiated by its predecessors. However, the ruling coalition has faced significant difficulties in articulating a unified programmatic orientation, which has slowed down the policy-making process. The next elections are set to take place in 2006, although many observers do not dismiss the possibility of early elections.

At the 5 October 2002 elections, the following parties entered the 42-member House of Representatives of the BiH Parliament:

<b>Party</b>	<b>Acronym</b>	<b>No. of Seats</b>
Party of Democratic Action	SDA	10
Serb Democratic Party	SDS	5
Party for BiH	SbiH	6
Social Democratic Party BiH – Social Democrats	SDP	4
Party of Independent Social Democrats	SNSD	3
Coalition Croatian Democratic Union (HDZ) Christian-Democrats	Koalicija	5
Party for Democratic Progress RS	PDP	2
Socialist Party RS	SPRS	1
Bosnian Party	BOSS	1
Party of Retired Persons	SPU	1
Democratic People's League	DNS	1
Democratic People's Community	DNZ	1
New Croatian Initiative	NHI	1
Economic Bloc HDU – For Prosperity	EB	1

Relations with the EU have featured prominently in BiH's foreign policy. The EU is gradually becoming the main external player in BiH and the region, thus replacing the U.S. in that role. The EU has been one of the largest donors and its presence has been recently extended into the security domain – in 2003 it took over the international police force from the United Nations. BiH became a member of the Council of Europe in April 2002. A feasibility study for a stabilisation and association agreement (SAA) with the EU is underway.

BiH has recently made a breakthrough towards joining NATO's Partnership for Peace (PfP), as the Ministry of Defence was transferred from the entities' level to the state level. This will provide for Bosnia-Herzegovina to have one army, instead of two, or in effect, three, as was previously the case.

## **2. The Constitutional Framework**

### **2.1 Constitutional Bases**

Annex IV of the Dayton Peace Agreement is the Constitution of Bosnia-Herzegovina and was adopted as a part of the entire Peace Agreement in 1995. It has not yet been amended, although consensus has been building that the Dayton Peace Agreement is becoming a stumbling block for turning Bosnia-Herzegovina into a fully functional state. There are strong internal disagreements on the interpretation of the Dayton Agreement which until now have prevented a revision of the Agreement and constitutional changes.

Proposals for alteration include the abolition of entities, establishment of a third entity with a Bosnian Croat majority, reconfiguration of existing mixed cantons or municipalities, or cantonisation of the entire state. None of these proposals has enjoyed the necessary political consensus among local parties, and the international community has been hesitant to take any dramatic steps to revise the Dayton Agreement.

## **2.2 Nature of the State**

Bosnia-Herzegovina is a parliamentary democracy, based on the rule of law. It is administratively divided into two entities: the Federation BiH and the Republika Srpska (RS). In addition, the district of Brcko in the north-east is a self-governing administrative unit under the sovereignty of the central state. The Federation is further divided into ten cantons, of which two are ethnically mixed, five have a Bosniak majority, and three a Bosnian Croat majority. The cantons are further divided into 84 municipalities. The RS is subdivided into 63 municipalities, which have greater powers than their counterparts in the Federation.

## **2.3 Division of Powers**

Under the BiH Constitution, the supreme legislative authority is vested in the bicameral parliament, which comprises two chambers: the House of Representatives and the House of Peoples. Two-thirds of the members of each house are elected by Croats and Bosniaks in the Federation, and one-third by Bosnian Serbs in the Republika Srpska. All legislation requires the approval of both chambers, which because of the ethnic composition of the parliament, and the use of the 'vital national interest' clause, has caused frequent delays in the legislative procedure.

The structure of the government of Bosnia-Herzegovina is as follows:

- Legislative branch (bi-cameral parliament);
- Executive branch (Presidency and the Council of Ministers); and
- Judicial branch (Constitutional Court and State Court).

The implementation of the Constitutional Court decision that all three peoples are constitutive across BiH has allowed for Bosnian Serb representation in the Federation parliament and Bosnian Croat and Bosniak representation in the RS, following the October 2002 elections. Instead of amending the Constitution to allow for the formation of a two-chamber parliament, as in the Federation, the RS opted for the establishment of a Council of Peoples, which has an overseeing role within the legislative process to ensure that the 'vital national interests' of the constituent peoples are protected.

The Head of State is a three-member joint Presidency, which is elected by popular vote, and consists of representatives of BiH's three main ethnic groups. The chair of the Presidency rotates every six months. The Chairman of the Council of Ministers, which is in effect the central state government, is appointed by the Presidency for a four-year term and confirmed by the House of Representatives. To the originally three ministries provided by the DPA in 1995, new ones were added in the subsequent years so that in 2004 the Council of Ministers numbers nine ministries. The appointments are made on ethnic lines – each minister has two deputies from different ethnic groups.

The central state has no country-wide system of administration and no police force, but is in the process of establishing an army. Under pressure from the international community, a state border

service was established in 2001 and the decision to set up additional ministries is an attempt to strengthen the central state. However, entities enjoy extensive authority which leaves the central state constrained in its ability to assert its authority and to develop and pursue a consistent policy agenda. In 2003 the entities' customs administrations were unified and an Indirect Taxation Administration at the state level was created. This was in effect the first example of implementing constitutional provisions which permits the entities to transfer some of their responsibilities to the central state.

The following areas are the responsibility of the institutions of Bosnia-Herzegovina:

- foreign policy;
- defence policy;
- foreign trade policy;
- customs policy;
- monetary policy;
- European integration;
- financing of international obligations of BiH;
- immigration, refugee and asylum policy and regulation;
- international and inter-entity criminal law enforcement, including relations with Interpol;
- establishment and operation of common and international communication facilities;
- regulation of inter-entity transportation; and
- air traffic control.

The decision-making process is hampered by the sheer number of parties represented in the parliaments: 16 parties and two coalitions are represented in the Federation Parliament, and 15 parties in the RS Parliament. Although the separation of powers between the branches of government is formally established, in fact the decision-making process often takes place outside formal government institutions. The role of the High Representative in guiding and directing the political and economic life in the country has been crucial, and it seems set to remain so at present.

The Constitutional Court of BiH is the highest judicial authority. It consists of nine judges, of whom four are selected by the Federation's House of Representatives, two by the RS National Assembly and three by the president of the European Court of Human Rights. The BiH State Court was inaugurated in June 2002, two years after the decision to establish it was passed. Its role is to deal with issues under the jurisdiction of the state, such as passports, identity cards, illegal immigration, human trafficking and inter-entity legal issues. Both entities have Constitutional and Supreme Courts. There are also cantonal and municipal courts in the Federation and municipal courts in the RS.

### **3. Head of State**

#### **3.1 Electoral Rules**

The Presidency ([www.predsjednistvobih.ba](http://www.predsjednistvobih.ba)) represents Bosnia-Herzegovina, coordinates and harmonises the work of BiH institutions, and represents interests of the entities related to all constituent peoples and all BiH citizens.

The Presidency consists of three members – one Bosnian Croat, one Bosnian Serb, and one Bosniak. The mandate of the Presidency is four years. A Bosniak member and a Bosnian Croat member are elected from the territory of the Federation in open, entity-wide elections, while a Bosnian Serb member is elected in the Republika Srpska, in open, entity-wide elections.

There is no requirement related to age, education, or sex, except that the person indicted or sentenced by the International Tribunal for War Crimes cannot stand as a candidate for any office in Bosnia-Herzegovina, including the Presidency.

Members of the Presidency are eligible to run for two consecutive four-year mandates. The chair of the Presidency changes every eight months by the principle of rotation among the three members.

A member who misses one-third of the Presidency meetings over a period of one year is deemed to have resigned. In case of permanent incapacitation, a member of Presidency is replaced by another candidate only after the Constitutional Court's decision.

The Presidency reports to the Parliament of Bosnia-Herzegovina. The Constitution does not set out the procedure for the dismissal of a member of the Presidency, but this power is vested in the High Representative, who used it twice in the last few years.

#### **3.2 Main Responsibilities**

According to the Constitution, the Presidency has the responsibility for:

- conducting the foreign policy of BiH;
- appointing ambassadors and other international representatives of BiH, no more than two-thirds of whom can be selected from the territory of the Federation;
- representing BiH in international and European organisations;
- negotiating, denouncing, and, with the consent of the Parliament, ratifying treaties of Bosnia-Herzegovina;
- executing decisions of the Parliament;
- proposing, upon the recommendation of the Council of Ministers, an annual budget to the Parliament;
- reporting, as requested, but not less than annually, to the Parliament, on expenditures of the Presidency;
- coordinating as necessary with international and nongovernmental organisations in BiH; and

- performing other functions as may be necessary to carry out its duties, as may be assigned by the Parliament, or agreed by the entities.

The Presidency nominates the Chairman of the Council of Ministers and submits the nomination to the House of Representatives of the BiH Parliament. Within its jurisdiction, the Presidency of BiH may dissolve the House of Peoples.

The Constitution stipulates that the Presidency has to make an effort to try to reach every decision by consensus. However, in cases where it is not possible to reach a decision consensually, the three members resort to voting and a decision is reached if two members vote in favour. If, however, the third member judges that the decision violates the vital interests of his people, he can issue a statement within three days. If two-thirds of delegates in the RS Parliament, or two-thirds of Bosniak or Bosnian Croat caucus in the House of Peoples in the Federation Parliament, endorse the statement on violation of vital interests of the respective people, the disputed decision is annulled.

Within its jurisdiction, the Presidency appoints members of the Commission for Protection of National Monuments, five members of the Executive Committee of the Central Bank, and officials of the State Border Service of BiH. By virtue of the office, each member of the Presidency has civilian command over the armed forces.

The Standing Committee on Military Matters coordinates activities of the armed forces in BiH. The members of the Presidency, along with the Chair of the Council of Ministers, the Minister of Foreign Affairs, the President/Vice-President of the Federation, and the President/Vice-President of the Republika Srpska, are members of the Standing Committee and have voting rights. Members of the Presidency may select other members of the Committee. Each of the three constituent peoples has to be represented in the Standing Committee by at least two members. The chairpersons of the Parliamentary Defence and Security Committees of the state and the entities, as well as military advisors to the members of the Presidency, are members of the Standing Committee with an advisory role. Representatives of the international community in BiH (SFOR and others) are invited to attend sessions of the Committee. Other individuals may also be invited if deemed necessary.

### **3.3 Office of the Head of State**

Each member of the Presidency has a separate cabinet. There is also a Secretariat of the Presidency, headed by the Secretary General, who is the main coordinator among the three cabinets.

Cabinets are made up of advisers (legal and constitutional issues, foreign policy, military matters, etc.) and technical staff. In the present mandate, each cabinet consists of nine persons.

The Secretariat is made up of three cabinets and four departments, each further subdivided into two sections.

The three cabinets are the following:

- Cabinet of the Secretary General;
- Cabinet of the Press Relations Secretary; and
- Cabinet of the Secretary for Legal Issues.

The four departments are the following:

- Documentation Centre (archives and analytical section);
- Department of Protocol (national and international);
- Department of Logistics (in-house works and transport); and
- Administration (human resources and finance section).

The Secretariat has a Secretary General, secretary, department head, senior expert, and expert, with the status of civil servant. Advisers and political officials are not considered employees of the Secretariat.

### **3.4 Head of State in Legislative Process**

The Presidency can propose laws, and when the proposal is on the agenda in the Parliament, the Presidency has a duty to be represented and to take part in the respective Parliamentary sessions. By virtue of its office, the Presidency issues the following legal acts:

- decisions related to conducting foreign policy;
- law proposals;
- confirmation of Parliamentary decisions related to state symbols;
- appointments of state officials;
- authorisations concerning the movements of the army;
- memoranda on understanding between the two entities;
- decisions concerning internal organisation of the Presidency; and
- other acts within its authority.

Presidency sessions take place once a week, usually in Sarajevo, but can be held elsewhere if so agreed. In case of particular circumstances, there is a possibility for calling extraordinary sessions. This takes place at least once a year when the Presidency meets to discuss the budget proposal after it was drafted in the Council of Ministers. When the Presidency adopts the budget proposal, it sends it into the urgent Parliamentary procedure.

## **4. Parliament**

### **4.1 Electoral Rules**

The election of members of all bodies of authority is made on the basis of general and equal voting rights by direct and secret ballots. Each citizen of Bosnia-Herzegovina over 18 years of age and registered as a voter has the right to vote. No person who is serving a sentence imposed by the International War Crimes Tribunal and no person who has been indicted and has not complied with an order to appear before the Tribunal may register to vote, stand as a candidate or hold any appointive, elective or other public office.

It is incompatible to hold more than two public offices at the same time, as well as a public office and a position in an executive body. It is also incompatible to hold more than one position in an

executive body. A mandate belongs to the elected office holder and not to the political party, coalition or list of independent candidates.

The elections at all levels of authority in BiH are held the first Saturday in October unless that date conflicts with observance of a religious holiday of one of the constituent peoples. The Election Commission has to give at least 170 days of advance notification when an election is to be conducted.

The competent authorities responsible for the conduct of elections are the Election Commission and the Polling Station Committees. The Election Commission of BiH consists of seven members: two Croats, two Bosniaks, two Serbs, and one member of Others. The President of the Election Commission is elected from amongst its members. One Croat, one Bosniak, one Serb and one other member serve as the President for one 15- month rotation in a 5-year period.

In order to be certified for participation in the elections, a political party or an independent candidate must present to the Election Commission its application, which contains at least:

- 3 000 or 1 500 signatures of registered voters respectively for the elections for the members of the Presidency of BiH; or
- 3 000 or 1 500 signatures of registered voters respectively for the elections for the members of the House of Representatives of the Parliament of BiH.

The parliamentary system in BiH is bicameral, comprising the House of Representatives and the House of Peoples. The House of Representatives consists of 42 members, 28 of whom are elected in the Federation and 14 in the Republika Srpska. Their mandate is four years.

Of the 28 members elected in the Federation, 21 are elected from multi-member constituencies under a proportional representation formula and seven are compensatory mandates elected from the territory of the Federation as a whole.

Of the 14 members elected in the Republika Srpska, nine are elected from multi-member constituencies under the proportional representation formula, and five are compensatory mandates elected from the territory of the RS as a whole.

Mandates are allocated in each constituency in the following manner: for each political party and coalition, the total number of valid votes received by that political party or coalition is divided by 1, 3, 5, 7, 9, etc., going as high as necessary for the allocation in question. The numbers resulting from this series are 'quotients'. The number of votes for an independent candidate is the quotient for that candidate. The quotients are arranged in order from the highest to the lowest quotient. Mandates are distributed starting from the highest quotient until all constituency mandates for the body are distributed. The threshold is three per cent of the total number of valid ballots.

Only political parties and coalitions may take part in compensatory mandates. First, the total number of mandates for the legislative body to be allocated for the territory of the respective entity is reduced by the number of mandates won by independent candidates according to the above formula. The number of mandates won by the same political party or coalition is deducted from this number. The remaining number is the number of compensatory mandates the list wins.

If a political party or coalition receives a negative number of mandates, it retains the mandates won but does not receive any compensatory mandates. Compensatory mandates are allocated one by one to unelected candidates on the list, beginning from the top of the list.

The House of Peoples consists of 15 members, two-thirds of whom are from the Federation and one-third from the RS. Croat and Bosniak members are elected by Croat and Bosniak members of the Federation House of Peoples respectively. The National Assembly of the RS elects five Serb members of the House of Peoples of BiH.

#### **4.2 Main Powers of Parliament**

According to the Constitution, the Parliament is in charge of:

- enacting legislation to implement decisions of the Presidency or to carry out the responsibilities set out in the Constitution;
- adopting the state budget;
- determining sources of funding for operating state institutions and for servicing the foreign debt;
- granting consent for ratifying treaties; and
- other matters as necessary to carry out its duties or as assigned by the entities.

The Parliament closely cooperates with the Council of Ministers in the legislative process, as well as with the Presidency, both of whom have to report to the Parliament at least once a year. The Parliament is not in charge of appointing judges as this is done by the High Judicial and Prosecutorial Council, except for judges for the Constitutional Court who are elected in the entity Parliaments (four in the Federation, two in the RS, and three international members selected by the President of the European Court of Human Rights). The Parliament appoints state auditors and three ombudsmen at the proposal of the Presidency.

#### **4.3 Internal Organisation**

Both Houses adopt the Rules of Procedure which regulate their internal organisation and operation, their mutual relations, as well as each House's relations with other institutions in Bosnia-Herzegovina. In each House, one Bosniak, one Croat and one Serb serve as a Speaker and Deputy Speakers and the position of the Speaker automatically, without voting, rotates every eight months. The Speaker of the House cannot be from the same people as the Chair of the Presidency and the Chair of the Council of Ministers (Prime Minister).

Both Houses have a Collegium which in both cases consists of the Speaker and two deputy speakers. The Collegium reaches all its decisions by consensus. In case it is not in a position to reach a consensual decision, the respective House decides on a contested issue. The Collegium decides on the agenda. Other members of the Parliament can be invited to take part in the work of the Collegium, but they may not vote. The Speaker convenes the Collegium at least twice a month, with exception that may take place during the period from 15 July to 30 August.

The two Collegiums constitute the Presidency of the Parliament, which is in charge of deciding on the agenda to be proposed to the Parliament. Sessions of the Houses take place separately and there are no strict rules about which House should adopt a law first. Therefore, some laws are first adopted by the House of Representatives and others by the House of Peoples. To be finally adopted, a law has to be adopted by both Houses in the same wording.

The Speaker of the House:

- represents the House;
- participates in the preparation of sessions, convenes and chairs sessions of the House;
- participates in the preparation of sessions, convenes and chairs sessions of the Collegium of the House;
- initiates discussion on issues within the House's scope of work;
- limits the timing of discussion, if necessary, in order to ensure that items on the agenda are discussed;
- undertakes necessary measures in order to secure orderly discussion, including the possibility to interrupt the session for short periods of time;
- ensures that the Rules of Procedure are applied;
- oversees the implementation of the work plan of the House and reports to the House on the implementation progress;
- ensures that the work of the House is public and transparent;
- ensures that delegates exercise their rights and duties while serving their mandate;
- signs documents enacted by the House;
- gives instructions to the House's Secretary related to his/her tasks and responsibilities; and
- performs such other duties as assigned by the Rules of Procedure and in accordance with decisions of the House.

In cases where the Speaker of the House is temporary unable to perform his/her duties, s/he decides, after consulting with the Deputy Speakers, who of the two will replace him/her.

The House of Representatives maintains the following permanent committees:

- Legal and Constitutional Committee;
- Foreign Affairs Committee;
- Foreign Trade and Customs Committee;
- Finance and Budget Committee;
- Human Rights, Immigration, Refugees, and Asylum Committee;
- Transport and Communication Committee;
- Administration Committee; and
- Gender Equality Committee.

The House of Representatives' committees cannot have more than nine members and they are formed proportionally in relation to the size of the caucuses in the House of Representatives. Committees elect a chairman, as well as first and second deputy chairmen from among its members, all from different constituent peoples. While carrying out their responsibilities, committees cooperate with respective bodies of the Presidency of BiH, the Council of Ministers, entity parliaments, other bodies and institutions at all level of government, as well as with citizens' groups.

The House of Peoples maintains the following permanent committees:

- Legal and Constitutional Committee;
- Foreign and Trade Policy Committee; and
- Finance and Administration Committee.

The House of Peoples' committees consist of six members, whereas the House of Peoples may also appoint three additional experts, who, however, have no decision-making authority nor a right to vote. The House of Peoples may establish temporary committees to deal with specific issues. As with the House of Representatives' committees, House of Peoples' committees cooperate with bodies and institutions at all levels of government, as well as citizens' groups.

Both Houses may form permanent or temporary joint committees for dealing with specific issues, as well as for the preparation and submission draft laws and other acts. An equal number of members from both Houses are elected into joint bodies. One such joint committee is the Committee for Security Police and Control of the State Information and Protection Agency (SIPA).

Members of the House of Representatives may form party clubs as a way to organise the parliamentary work of members from a particular political party, especially in preparing the agenda. At least three members of the House may form a club, while those members who do not join party clubs may form a mixed club which has the same rights as political party clubs.

Every club has a chairman and a deputy chairman and independently regulates its internal operation. In order to facilitate the work of parliamentary clubs, the Administration Committee is in charge of allocating finances and premises, and providing administrative and technical support to the clubs.

The House of Peoples establishes three caucuses of constitutive peoples: Serb, Croat, and Bosniak. They are the principal working bodies in the House, particularly in relation to preparing the agenda. Each caucus elects a chairman and a deputy chairman, and independently establishes its own structure and rules of operation.

The Secretariat of the Parliament is a joint body which carries out all administrative and technical duties for both Houses. The head of the Secretariat is the Secretary General; each House also has a Secretary.

The Secretary of the House of Representatives, as well as the Secretary of the House of Peoples, assists the Speaker and the Collegium in preparing sessions, as well as in coordinating the work of various committees. S/he ensures that minutes of the sessions are taken; verifies the quorum; ensures official publishing of parliamentary debates; publishes, affixes the seal and distributes laws and acts enacted; and performs other tasks stipulated by the Rules of Procedure as well as tasks conferred to him/her by the Speaker and/or Deputy Speakers.

The plan is to expand the scope of work of the Secretariat and increase the number of employees, so that the Secretariat would be at the disposal of members of the parliament in preparing draft laws and other documents. Nineteen employees in the Secretariat have the status of civil servants, while 24 are considered support staff.

Members of the Presidency of BiH may attend parliamentary session, whereas it is considered the responsibility of members of the Council of Ministers to attend.

#### **4.4 *Legal Status of Members of Parliament***

Members of the Parliament are not to be held criminally or civilly liable for any act carried out within the scope of their parliamentary duties, i.e. they enjoy full immunity. There is no explicit restriction with regard to their business activity, but a large majority usually decides to be professional members, paid through the state budget.

The Law on the Conflict of Interest in Governmental Institutions of Bosnia-Herzegovina (Official Gazette of BiH, 13/02) imposes restrictions on parliamentarians, including their close relatives, with regard to their business activities, as such activity could directly influence their responsibilities as public officials.

#### **4.5 *The Legislative Process***

A law proposal can be submitted by members of the Parliament and the parliamentary committees, as well as by the Presidency of BiH and the Council of Ministers. There is no possibility for a 'popular initiative' – submission of law proposals by groups of citizens, NGOs or other institutions.

In 2003, the Parliament of BiH (both Houses) adopted 55 laws. The situation in Bosnia-Herzegovina is additionally complicated by the fact that the High Representative has the right to pass laws that immediately enter into force without necessarily passing through any parliamentary procedure. In practice, a law promulgated by the High Representative enters the parliamentary procedure with no possibility for proposing amendments to it. Only after a law is adopted in the same wording in which the High Representative promulgated it, can the Parliament start the procedure of amending such adopted law if there is indeed a proposal for introducing amendments. However, if the High Representative judges that such initiative undermines the implementation of the Dayton Peace Agreement, he can block it. In 2003 the High Representative imposed 93 laws, some of which were subsequently adopted by the Parliament.

To become effective, each law has to be adopted by both Houses either by simple or two-thirds majority, depending on the relevant regulation. As previously stated, there is no rule determining the House which should adopt a law first.

If a majority of the caucus of any of the constituent peoples in the House of Peoples judges that a law is violating their national interests, they can block such law. In this case, the Speaker of the House of Peoples will form a joint commission made up of three parliamentarians – one Croat, one Bosniak, and one Serb – who will try to resolve the contested issue. If in the course of five days this commission is not able to find a solution, the issue is presented to the Constitutional Court who must review it in an urgent procedure.

Over 90 per cent of adopted laws are proposed by the Council of Ministers. To shorten the long legislative process, the Council of Ministers frequently requests an urgent procedure in which parliamentarians are not entitled to propose amendments to a proposed law. However, the Parliament also frequently rejects requests for urgent procedure.

A law proposal is submitted as an integral version of a draft along with attachments. A law proposal has to be accompanied by explanatory notes/documents covering the following issues:

- constitutional basis for adopting the law;
- reasons for adopting it;
- principles on which the proposed law is based;
- financial and other means necessary for implementation of the proposed law;
- opinion of institutions and organisations consulted during the preparation of the law proposal; and
- any additional explanation which clarify reasons for passing the law.

The legislative process is regulated by the Rules of Procedure which differentiate between the standard and the urgent procedure as methods of law adoption.

Standard procedure usually consists of three phases:

- Phase one: initiative
- Phase two: discussion in working bodies
- Phase three: discussion in the Parliament, usually requiring two readings

#### *Phase one: initiative*

When the Speaker of the House receives a proposal of a law, s/he immediately informs the Collegium. The Collegium decides which committees will review it. The proposal is, as a rule, reviewed by the Legal and Constitutional Committee. At the same time, the Collegium delivers the proposal to members of the Parliament, the other House, as well as to the Council of Ministers and the Presidency when they are not the law proponents.

#### *Phase two: discussion in working bodies*

The Legal and Constitutional Committee issues its report in the course of 15 days, while the authorised committee issues its report in the course of 30 days receiving a proposal. The proponent of the law must attend the authorised committee's session at which the proposal is discussed.

#### *Phase three: discussion in the Parliament*

As previously stated, the third phase usually requires two readings before a law is adopted.

#### *Phase three: first reading*

Once the Collegium receives the report from the authorised committee, it puts the law proposal on the agenda in the course of the next 15 days. Members of the Parliament can submit amendments to the proposed law 48 hours prior to the start of the session at the latest. At the session, the proponent of the law presents it to the delegates, after which a general discussion begins on the necessity to adopt such law and basic principles on which the law is based. Particular attention is devoted to the financial aspects of the proposed law, i.e. the cost of implementation and sources for financing this cost.

If the House begins the discussion on the text of the proposed law, the proposal is considered accepted. Otherwise, the proposal is considered rejected. The House may request that the authorised committee submit a new report in the course of 15 days.

#### *Phase three: second reading*

The second reading consists of discussion and voting on proposed amendments. In case there is an unusually large number of amendments, the Speaker may suggest a different way of discussing the law proposal. Voting on amendments takes place first, followed by the final version of the proposed law which contains adopted amendments.

A law is considered adopted after it is adopted in equal wording by both Houses.

#### *Urgent procedure*

When proposing a law, a proponent is obliged to list reasons as to why it is necessary to enact the law under urgent procedure. The House first discusses the request, and then makes a decision at the next session. If it accepts the request, the deadlines mentioned previously (15 and 30 days for submitting reports) are decreased by half. In addition, the Collegium may limit how many times and for how long a parliamentarian may speak. If the House rejects the request, a law proposal enters standard procedure.

#### *Enactment of a law and procedure for harmonisation of differently-adopted texts of the law*

Should any House adopt a law or amendments before they have been adopted by the other House, the Speaker of the House which has adopted a law or amendments will deliver them to the Speaker of the other House in the course of three days.

In case there are different wordings of a law proposal, a joint body will be formed with the task of harmonising the text. In case of inability to find a solution, or in a case where both Houses reject the offered solution, the law proposal is considered rejected. If both Houses adopt the law, the Speakers of the two Houses cooperate in publishing the law in the Official Gazette of Bosnia-Herzegovina, after which the law enters into force.

#### *Adoption of the Budget*

The Presidency, at the proposal of the Council of Ministers, proposes the budget for the next year to the Parliament before 15 October. However, this deadline is violated in practice because the adoption of the state budget depends on adoption of entity budget, and adoption of entity budgets extends beyond initial planning.

There is no law regulating lobbying in Bosnia-Herzegovina.

## **5. The Central Executive**

### **5.1 Legal Bases of Executive Authority and Administration**

The main legal foundation of the Council of Ministers are:

- The Constitution (Annex IV of the Dayton Peace Agreement);
- Law on the Council of Ministers of Bosnia-Herzegovina (Official Gazette of BiH, 38/02);

- Law on Ministries and Other Bodies of Administration of Bosnia-Herzegovina (Official Gazette of BiH, 5/03);
- Rules of Procedure of the Council of Ministers of Bosnia-Herzegovina (Official Gazette of BiH, 22/03);
- Law on Administration and Administrative Organs of Bosnia-Herzegovina (Official Gazette of BiH, 17/96);
- Law on Administration of Bosnia-Herzegovina (Official Gazette of BiH, 32/02);
- Law on Administrative Procedure (Official Gazette of BiH, 29/02);
- Law on Administrative Disputes (Official Gazette of BiH, 19/02);
- Law on Civil Service in the Institutions of Bosnia-Herzegovina (Official Gazette of BiH, 19/02).

## **5.2 Composition and Powers of the Government (Council of Ministers)**

The Council of Ministers (CoM) is a part of the executive branch of the Government of Bosnia-Herzegovina. According to Article V, Section 4 of the Constitution, the Chair of the Council of Ministers is nominated by the Presidency and confirmed by the Parliament. The Chair of the Council of Ministers then nominates two Deputy Chairpersons who are from among different constituent peoples and Ministers whose nomination has to be approved by the Parliament. The Parliament is entitled to a vote of no-confidence to the CoM, while the Chair of the CoM is entitled to independently dismiss individual Ministers. The seat of the CoM is in Sarajevo.

The CoM, which consists of the Chairpersons and the Ministers, is responsible for carrying out the policies and decisions in the fields of:

- foreign policy;
- foreign trade policy;
- customs policy;
- monetary policy;
- finances of the institutions and international obligations of BiH;
- immigration, refugee, and asylum policy and regulation;
- international and inter-entity criminal law enforcement, including relations with Interpol;
- establishment and operation of common and international communications facilities;
- regulation of inter-entity transportation;
- air traffic control;
- facilitation of inter-entity coordination; and
- other matters as agreed by the entities.

An invitation to attend sessions of the CoM, along with appropriate materials, is forwarded to the members of the CoM, deputy ministers, the Secretary General, the Secretary General of the Standing Committee on Military Matters, the Director of the Directorate for European Integration and the Director of the Legislative Office.

Sessions of the CoM may be attended by representatives of other institutions and bodies of BiH whose material is on the agenda and only during the time that the agenda item is being discussed. Upon the Chairperson's invitation, a session may be attended by prominent experts, as well as representatives of the entities, who may contribute with their proposals to resolving concrete issues. Upon the Chairperson's invitation representatives of the Office of the High Representative, the international coordinator of permanent bodies of the CoM and representatives of other international institutions may attend sessions of the CoM.

The Presidency may propose convening a session of the CoM at which an issue of particular importance is discussed.

The term of the office of the CoM coincides with the mandate of the Parliament of BiH. If the Chairperson resigns or is permanently unable to perform his/her duties, the CoM resigns as a whole. They continue to perform their duties until a new Chairperson and the CoM are nominated and approved.

### **5.3 Division of Executive Power**

The Chairperson represents the CoM and is responsible for:

- harmonising the work of the CoM;
- harmonising constitutional relations of the CoM with the Presidency and the Parliament of BiH, as well with the entities and the Brcko District;
- ensuring cooperation between the CoM and the entities and lower levels of governments;
- drafting the agenda for sessions of the CoM;
- convening and chairing sessions of the CoM;
- implementing decisions of the CoM; and
- monitoring the work of the Directorate for European Integration.

The Chairperson, in cooperation with his/her deputies, defines the work of the CoM and particularly priorities and dynamics of the work. The deputy chairpersons are obliged to ensure efficiency and quality of the work of the CoM. They also replace the Chairperson in the event of his incapacity or absence and chair the Economic Policy Unit and the Internal Affairs Committee respectively.

Ministers are obliged to participate in the work of the CoM and in the work of working bodies and commissions in line with decisions of the CoM, and to exercise other tasks entrusted to them. Each Minister is responsible for supporting and implementing the decisions and opinions of the CoM.

### **5.4 The Office of the Government**

The General Secretariat is responsible for the following:

- preparation of sessions and meetings;
- taking of minutes;

- keeping of records;
- informing the public;
- following up the implementation of CoMs decisions;
- protocol;
- performing financial, administrative and technical services;
- ensuring publication of decisions of the CoM in the Official Gazette; and
- other tasks as assigned by the CoM.

The General Secretariat is managed by the Secretary General, who is appointed and dismissed by the CoM, at the proposal of the Chairperson.

The Office of the Chairperson and Offices of the Deputy Chairpersons are rather small offices, comprising a number of advisers and administrative staff; the staff is directly responsible to the Chairperson and the deputy chairpersons respectively. An Office of the Chairperson with broader responsibilities is in the process of being established. According to current proposals, there will be at least 22 civil servants employed in the Office of the Chairperson, including the press and protocol services.

The Directorate for European Integration performs all tasks and duties in relation to the EU integration process, including coordination of activities among various government institutions, preparation of legislation, and aid coordination. The Director of the Directorate is appointed and dismissed by the CoM and is directly responsible to the Chairperson.

The Legislative Office is responsible for reviewing all legislation forwarded to the CoM in order to verify whether they conform to the Constitution and laws of BiH. However, this small office has had great difficulties in becoming fully operational. Moreover, as previously stated, a vast majority of legislation has been imposed by the High Representative, which further incapacitated this Office.

## **5.5 Line Ministries**

The Chairperson of the CoM nominates the Ministers and Deputy Ministers after taking office and asks the House of Representatives to approve his/her nominations.

The Council of Ministers consists of:

- Ministry of Foreign Affairs ( [www.mvp.gov.ba](http://www.mvp.gov.ba) );
- Ministry of Foreign Trade and Economic Relations;
- Ministry of Finance and Treasury;
- Ministry of Communications and Transport;
- Ministry of Civil Affairs;
- Ministry for Human Rights and Refugees;
- Ministry of Justice; and
- Ministry of Security.

Ministers manage the work of their respective ministries in cooperation with the Deputy Ministers and the Secretary of the ministry. Ministers are responsible for the work of their ministries to the CoM. Each minister has a deputy who cannot be from the same constituent people.

Administrative units within ministries report to a minister in charge, while independent administrative units report to the Council of Ministers. Administrative units within ministries are financed from the state budget through their respective ministry, while independent administrative units are financed from the state budget and independent sources.

The internal organisation of the ministries and administrative bodies are based on the principles defined in the Law on Administration and governed by a Rule Book on Internal Organisation. The Rule Book of the ministries is passed by respective ministers and that of administrative bodies by their respective managers. Prior to passing the Rule Book, a minister or a manager must obtain the opinion of the Minister of Justice. The Rule Book on Internal Organisation enters into force when approved by the CoM.

## **5.6 Central Non-Ministerial Bodies**

Agencies, services, commissions and other bodies of Bosnia-Herzegovina are the following:

- Foreign Investment Guarantee Agency (IGA) ([www.igabih.com](http://www.igabih.com));
- Foreign Investment Promotion Agency (FIPA) ([www.fipa.gov.ba](http://www.fipa.gov.ba));
- Statistics Agency of BiH ([www.bhas.ba](http://www.bhas.ba));
- Agency for Civil Service ([www.ads.gov.ba](http://www.ads.gov.ba));
- Communications Regulatory Agency (CRA) ([www.cra.ba](http://www.cra.ba));
- Deposit Insurance Agency of BiH ([www.aod.ba](http://www.aod.ba));
- State Information and Protection Agency (SIPA), within the Ministry of Security;
- State Border Service of BiH (DGS BiH), within the Ministry of Security;
- Institute for Standards, Metrology and Intellectual Property of BiH ([www.basmp.gov.ba](http://www.basmp.gov.ba));
- Accreditation Institute of BiH;
- Directorate for CIPS Project Implementation, within the Ministry of Civil Affairs;
- Veterinary Office of BiH, within the Ministry of Foreign Trade and Economic Relations;
- BiH Directorate of Civil Aviation (BH DCA) ([www.bhdca.gov.ba](http://www.bhdca.gov.ba)), within the Ministry of Communications and Transport;
- State Commission for BiH Border;
- Commission for De-mining of BiH, within the Ministry of Civil Affairs;
- Customs Politics Implementation Council;
- Audit Office for the Institutions of BiH ([www.revizija.gov.ba](http://www.revizija.gov.ba)); and
- Commission for Real Property Claims of Displaced Persons and Refugees (CRPC) ([www.crpc.org.ba](http://www.crpc.org.ba)).

Bodies within ministries are responsible to the Minister in charge, while other bodies are independent institutions and their work is regulated by the Law on Administration.

### **5.7 Inter-ministerial Coordination**

The CoM has established two bodies in charge of inter-ministerial coordination.

The Internal Affairs Committee coordinates activities of the following ministries: Ministry for Human Rights and Refugees, Ministry of Civil Affairs, Ministry of Justice and Ministry of Security. It is chaired by a Deputy Chairperson and consists of Ministers or Deputy Ministers, representatives of the Directorate for European Integration and the Legislative Office, as well as other members in accordance with a decision of the CoM.

The Economic Policy Unit coordinates activities of the following ministries: Ministry of Foreign Trade and Economic Relations, Ministry of Finance and Treasury, and Ministry of Communications and Transport. It is chaired by a Deputy Chairman and consists of ministers or deputy ministers, representatives of the Directorate for European Integration and the Legislative Office, as well as other members in accordance with a decision of the CoM.

### **5.8 Governmental Preparatory Legislative Process**

An initiative for new legislation may derive from ministries or from the Chairperson of the CoM. Each ministry is in charge of preparing legislation within its field of responsibility. There are no special law drafting units within ministries or a central unit on the level of the CoM, but each ministry has staff in the substantive units with legal knowledge who are in charge of drafting and amending legislation. While drafting new legislation there should be coordinating meetings with other ministries; however there are very few coordination structures at an early stage of preparation, especially across levels of government.

When a draft law is finalised by the lead ministry it has to be sent to the Ministry of Justice and the Ministry of Finance and Treasury. If a draft law falls within the scope of harmonisation with the *acquis communautaire*, the Directorate for European Integration coordinates the consultations. A final check should be carried out by the Legislation Office. However, as the Legislative Office still lacks capacity, it is the Ministry of Justice which gives the legal approval. In this consultation process it is the Ministry of Justice which checks the accordance of a draft with the Constitution and the existing state legal framework, including international conventions, contracts, and agreements ratified and signed by BiH. The Ministry of Finance and Treasury is in charge of checking the budgetary impact and the implementability and feasibility within the given state budget.

The CoM has to approve draft legislation before it can be submitted to parliament for adoption. .

When approving a draft law, the CoM decides at the same time to which House of Parliament the draft law will be sent. When sent to the Parliament a draft law has to be accompanied by a comprehensive explanatory note and supplementary documents (see 4.5). The lead minister has to present the draft law to the Parliament.

### **5.9 Executive Budgeting Process**

Following guidelines given by the Ministry of Finance and Treasury each governmental institution submits a budget proposal for the institution to the Ministry of Finance and Treasury. Once the Ministry finishes consultations with budget users, the Minister of Finance drafts the

comprehensive budget proposal and presents it to the Council. The proposal is then discussed at a session of the CoM. When the CoM has approved the proposal it submits the draft budget proposal to the Presidency no later than 15 September.

Due to the evolving nature of the Bosnian state and complexities built into the Dayton Agreement, the institutional structure of the state is weak. The international community has pressed for changes in this regard, some of which have resulted in strengthening the central state. The state budget is a clear example of the lack of independence of the state, as the state depends on the entity governments to transfer funds for the state budget. The Federation pays two-thirds and the RS one-third of the state budget. Consequently, the state budget cannot be proposed before entity budgets are adopted, which can be a slow process. The establishment of the CIPS project (citizens ID cards) on the state level is a new source of funding for the central state.

### **5.10 Advisory and Consultative Arrangements**

Within the BiH administration, there is a significant number of foreign consultants, paid by the EU and other international organisations. Local consultants are also contracted on a temporary basis, but this practice is generally underdeveloped in BiH. It is mainly foreigners who contract and pay for the work of either foreign or local advisers.

The Council of Ministers, or individual Ministers, contract local advisers, but such practice is *ad hoc* and not institutionalised. A few local NGOs have demonstrated their ambition to develop into think-tanks and are investing effort to build capacities in this regard.

## **6. Executive Linkages**

### **6.1 The Executive and the Presidency**

Within the scope of its rights and duties, the Chairman of the CoM:

- proposes items on the agenda of the Presidency;
- submits the draft budget to the Presidency;
- ensures implementation of foreign policy as agreed with the Presidency;
- reports to the Presidency the CoM's activities and decisions;
- attends Presidency sessions upon invitation;
- attends sessions of the Standing Committee for Military Matters;
- convenes sessions of the CoM upon request from the Presidency; and
- exercises other duties towards the Presidency in line with the Constitution and laws of BiH.

The CoM and the Presidency cooperate in determining foreign policy. Nominally, the CoM, i.e. the Ministry of Foreign Affairs, is an implementing body of the foreign policy decided by the Presidency.

In the event it has been requested to do so, the CoM or any of its members attends a session of the Presidency and provides required information and expert opinion.

## **6.2 The Executive and Parliament**

Within its rights and duties, the CoM:

- may submit law proposals to the Parliament;
- attends and actively participates in sessions of the Committees and plenary session of both Houses of the Parliament;
- attends, via its representative, sessions of the extended Collegium of both Houses of the Parliament;
- provides opinions on proposed laws not submitted by the CoM;
- gives answers to delegates' questions and interpellations;
- is entitled to request a convening a session of a Committee or a House of the Parliament in order to discuss matters on which the CoM wants to present its position;
- submits the annual Work Report to the Parliament; and
- exercises other rights and duties in line with the Constitution and laws of BiH.

The Parliamentary Committee on Finance and Budget is in charge of controlling the implementation of the state budget. The Chairman or members of the CoM designated by him/her are entitled to communicate with the Parliament, that is, propose an agenda, present laws, take part in plenary sessions and sessions of the Collegium, answer to delegates questions, etc.

The CoM submits a report at least once a year regarding its work, including the budget report. The Parliament may request that the CoM submits special reports on certain issues.

## **6.3 The Executive and Political Parties**

The BiH legislation does not regulate the management of party coalitions, neither prior to nor following the elections. The formation of coalitions is regulated by individual statutes of parties entering into a coalition, in accordance with the existing legislation. However, informal coalition agreements provide possibilities for political parties to influence the executive branch.

The present law on political parties – the Law on Political Organisations – dates back to 1991 (Official Gazette of the Socialist Republic of Bosnia-Herzegovina, 27/91), while the only law related to political parties that entered into force since Bosnia-Herzegovina adopted the democratic political system has been the Law on Party Financing (Official Gazette of Bosnia-Herzegovina, 22/00).

The Election Law also regulates political party behaviour in relation to elections and election-related activities. Thus, a political party, coalition, list of independent candidates, and an independent candidate that participates in elections for bodies of authority at all levels in BiH are obliged to file with the Election Commission, when submitting the application to participate in the elections, a financial report for the period beginning three months prior to the date of submission. In addition, no later than thirty days after the Election Commission publishes the election results, a financial report must be submitted for the period beginning on the day of submission of the application until the certification of the results. These reports must contain the following:

- all cash at hand;

- all income and disbursements based on: memberships; contributions from abroad; contributions from individual and legal entities; contributions in the form of goods and services ('in-kind contributions'); returns on its own assets and entrepreneurial activities; credits; loans; donations; rebates; refunds; other operating expenditures; and other sources for the reporting period as determined by the Election Commission of BiH;
- identification of the person or source of any payment and in-kind contribution, as well as the identification of a person who received that payment, in excess of 100 KM (50 euros), together with the date and amount of any such receipt;
- the total amount of all account payables, and total amount of disbursements in the following categories: direct costs for political campaign; operating expenses; costs associated with the entrepreneurial activity, and other costs; and
- the amount and nature of outstanding debts and obligations owed by or to the person who files a report and where such debts and obligations are settled for less than their reported amount or value, a statement as to the circumstances and conditions under which such debts or obligations were settled.

Political parties are registered in the register of political parties kept in the higher court according to the seat of the political party. The Minister of Justice prescribes the manner and form of register-keeping. A panel of three judges decides on applications of political parties for entry into register.

According to the Law on Party Financing, a party may obtain funding from the following:

- membership fees;
- contributions from legal entities and persons;
- income generated by property owned by a political party;
- the Budgets of BiH for financing parliamentary clubs; and
- profit from the income of enterprises owned by a party.

However, such enterprise may only carry out culture-related and publishing activities. Income generated through property and enterprises may not exceed 20 per cent of the amount of all annual incomes of the party.

Budgetary financing of political party clubs represented in the BiH Parliament is done in such a way that 30 per cent of the total amount designated for clubs is distributed equally among the clubs, while 70 per cent is distributed proportionally according to the number of seats each club holds.

Political parties' access to the public media is not specifically regulated by law. They are free to run their electronic or printed media, while the public electronic media is obliged to give access to political parties during electoral campaigns. The Communications Regulatory Agency (CRA) strictly controls whether the public electronic media grants equal access to all political parties.

Administrative bodies, within their competences stipulated by law, supervise the legality of the work of political parties. Within the Election Commission of BiH there is an Audit Office which reviews and audits financial reports submitted by political parties. Any irregularities found by the Audit Office are submitted to the Election Commission of BiH which has the authority to fine a

political party. The Election Commission of BiH has to report to the Parliament of Bosnia-Herzegovina once a year.

The appropriate court (which keeps the register of political parties) has the authority to ban a political party if it fails to perform its activities in accordance with law. The court can initiate the procedure to ban a political party *ex officio* or upon the proposal of the public prosecutor, but this has not happened in the past.

#### **6.4 The Executive and Civil Society**

Civil society is to a certain extent regulated through following laws and documents:

- Resolution on youth in BiH (Official Gazette of BiH, 12/03), which provides for the elaboration of a youth policy in order to improve the situation of youth in various areas such as employment, education, sport and leisure, health and culture;
- Law on Associations and Foundations (Official Gazette of BiH, 32/01), which regulates the creation, registration, internal organisation and activities of associations and foundations;
- Regulations on the Registration of Trade Union Organisations in the Registry, which regulate registration of trade unions, list the documents that have to be submitted when applying for registration. They also provide for notification of changes and of dissolution of trade unions;
- Act on gender equality in BiH (Official Gazette of BiH, 16/03), which provides for the promotion and protection of gender equality, guarantees equal opportunities for all citizens in all areas, public or private, and prevents direct or indirect gender discrimination. It contains, *inter alia*, provisions on education, employment, social and health protection.

According to law, workers have the right to organise and join trade unions and take part in a number of trade union-related activities and initiatives. In addition, the right to form and/or join non-governmental organisations, professional associations and environmental groups is granted to all citizens. However, since the state of BiH has limited authority in the field of national economic activity, trade unions are formed at the entities' level.

There is no official and permanent channel for consulting NGOs in the legislative process, but consultation takes place in various ways. Individual ministries may consult an NGO when preparing legislation within an area of work in which this NGO operates. The Council of Ministers consults with trade unions and NGOs in the framework of implementing the Poverty Reduction Strategy Paper (PRSP), under World Bank auspices.

#### **6.4 The Executive and the Media**

The Press Office within the General Secretariat of the CoM serves as a focal point for disseminating information about the Council's activities. It also responds to inquiries from the media and the general public in relation to Government activities. The Office organises press conferences, interviews and/or contacts of the chairmen and members of the CoM with the media, collects clippings and maintains a database.

Each session of the CoM is followed by a press conference at which members of the CoM answer questions from journalists. In addition, the offices of the Chairperson, the deputy chairpersons and ministers have persons in charge of public relations activities.

## **7. Deconcentration and Decentralisation**

### **7.1 Deconcentrated State Administration**

As Bosnia-Herzegovina is a state with several levels of government, the decentralisation of authority is exercised through division of power among entities and the state, and then further within entities. Separate SIGMA reports analyse the situation in the two entities.

The state administration of Bosnia-Herzegovina has not been deconcentrated, as it is rather small. The state administration is concentrated in Sarajevo, although with the expansion of state authorities it is to be expected that there will be a tendency towards deconcentration in the future.

### **7.2 Regional Self-government**

At the state level, there is no devolution of power to regional level. Since this is done through entities, this part of the analysis does not apply to Bosnia-Herzegovina.

### **7.3 Local Self-government**

Same as above.

## **8. Personnel Management in Public Administration**

### **8.1 Legal Bases and Principles of Public Employment**

The legal basis for public employment are:

- Law on Civil Service in the Institutions of Bosnia-Herzegovin (Official Gazette of BiH, 19/02; and
- Law on Administration of Bosnia-Herzegovina (Official Gazette of BiH, 32/02).

The main principles laid down in the Law on Civil Service are legality, transparency and publicity, accountability, efficiency and effectiveness, and professional impartiality. Besides these principles, the staffing of the civil service has to reflect the ethnic structure of the population of BiH in accordance with the last census (1991). The recruitment and the professional career advancement of a civil servant are to be based upon open competition and professional merit.

The Law on Civil Service makes a distinction between appointed officials, civil servants, and employees, and the Law applies only to the category of civil servants. Furthermore, civil servants differ between managerial civil servants and other civil servants. Managerial civil servants include:

- Senior Executive Manager and Senior Executive Manager with a special assignment; and
- Assistant Minister.

Other civil servants include:

- head of internal organisational unit;
- senior adviser;
- senior official; and
- specialist.

Members of the Parliament of BiH, members of the Presidency of BiH, members of the CoM, Ministers, Deputy Ministers, members of the Standing Committee on Military Matters, Judges of the Constitutional Court, Judges of the Court of BiH, Governors and Vice-Governors of the Central Bank, the Auditor-General and the Deputy Auditor-Generals, are not civil servants and their legal status is regulated by other regulations. Furthermore, the law on civil service does not apply to the members of police and armed forces.

## **8.2 Personnel Management**

The prime responsibility for the development of personnel policy lies with the Civil Service Agency, as a central state institution which at the request of relevant institutions organises a recruitment process.

The procedure is as follows: Once the Civil Service Agency receives a request from an institution, the Agency publishes the vacancy announcement in the Official Gazettes in BiH (there are four official gazettes), printed media, and notifies diplomatic missions of BiH about the job opening. All interested candidates pass a general exam, which consists of a multiple-choice test. Out of 42 questions, a candidate has to answer at least 28 questions in order to be called to a specialised exam, which tests the candidate's professional capacity for such a post. Candidates who pass the second round are called for an interview conducted by a selection committee. The committee consists of five members, three civil servants from the institution seeking a new civil servant, and two independent experts appointed by the Agency.

The appointment of a civil servant is decided by the Civil Service Agency, upon prior opinion from the relevant institution, while the appointment of a managerial civil servant is decided by the relevant institution, upon prior opinion from the Agency.

Training of civil servants is one of the activities the Agency performs. Several training curricula have been developed jointly with the University of Bologna, the University of Sarajevo, the University of Banja Luka, the State Civil Service Agency, and the Civil Service Agency of Republika Srpska, with financial assistance from the EU TEMPUS program. A budget for training is earmarked in the annual budget of the Civil Service Agency.

The main rights of civil servants includes, among others: permanent tenure until retirement, adequate salaries, support in career advancement and professional development, and treatment with respect by his/her superiors.

The main obligations of civil servants include, among others: to perform the tasks assigned in the job description; to be impartial and to refrain from publicly manifesting one's political or religious beliefs; and not to accept any profit, benefit or advantage in money or services for oneself and/or his/her relatives.

The CoM plans to decide on formal procedures for performance appraisal by mid 2004. Some positions in the public administration are paid directly by foreign donors

## **9. Administrative Oversight and Control**

### **9.1 Internal Oversight and Control**

There is no central office that performs internal oversight and control within the BiH administrative structure. It is to be expected that as Bosnia-Herzegovina evolves as a viable state and as it advances towards the European Union, the issue of internal oversight and control of the administration will be addressed.

The Ministry of Finance and Treasury acts as a central body for execution of the state budget and in this regard for control of the spending. It is common practice to hold a minister or a head of an institution liable for the management of a ministry/institution, including financial probity.

### **9.2 External Audit and Control**

The highest external audit institution to primarily carry out financial control and audit of the work of the public administration is the State Audit Office, a relatively new institution in BiH, which aims to increase transparency and responsibility in public funds spending.

The Auditor-General and two deputy auditor-generals, who come from different constituent peoples, are appointed by the Presidency after their nomination is approved by both Houses of the Parliament. The mandate of the Auditor-General and the deputy auditor-generals is five years and is not renewable.

In accordance with the Law on Auditing of Institutions of BiH (Official Gazette of BiH, 17/99), the Office is authorised to ensure:

- that all reasonable measures are taken to ensure the collection and proper management of revenues of the institutions of BiH;
- that payments out of revenues, including non-budgetary finances, are executed with appropriate authorisation and for the purpose earmarked; and
- that all reasonable precautions to ensure receiving, keeping, and using of state reserves are taken.

In cases where auditors have detected financial inefficiency in a ministry/institution, the Office draws the attention of the minister and other state officials to this fact and instructs them on proper financial management. Subject to external audit are accounting records and financial transactions, which involve government expenditures out of the state budget. The State Audit Office also assesses the extent to which funds are spent economically, efficiently and effectively.

The Office has defined its strategic objectives as follows:

- ensure transparency of public spending by presentation of audit reports to the Parliament, media and general public;
- increase responsibility on spending public funds by carrying out audit of financial systems, reports and transactions;
- increase the quality and reliability of financial processes through recommendations to bodies that affect budget management;

- ensure legitimacy of public fund users, identify deviations and suggest correction measures;
- provide information to the Parliament and the CoM through submitting reports; and
- increase public confidence in the state institutions.

The State Audit Office submits an annual report on the conducted audits and its operation activities to the Parliament. The audit procedures follow the INTOSAI Auditing Standards.

The Auditors are independent. The staff of the State Audit Office is rather small, namely the Auditor-General and the two deputies, seven civil servants, and administrative and technical staff.

### **9.3 Public Redress**

At the level of the state of Bosnia-Herzegovina, the Constitutional Court and the Court of BiH deal with specific cases. The main thrust of public redress takes place at lower levels – local, cantonal, and entity level. Citizens cannot appeal directly to the Constitutional Court and disputes may be referred only by a member of the Presidency, Chairman of the Council of Ministers, Speaker or deputy speakers of either House of the BiH Parliament, one-fourth of delegates in either House of the BiH Parliament, or by one-fourth of either House of Parliament of the entities.

Moreover, the Constitutional Court has appellate jurisdiction over issues under the Constitution arising out of judgments of any court in BiH. The Court may examine an appeal only if all possible legal remedies against the challenged judgment according to the laws of the entities have been exhausted and if it has been filed within a time limit of 60 days from the appellant's reception of the decision on the last legal remedy used.

The Court of BiH is established in order to ensure the effective exercise of the competencies of the state of BiH and the respect of human rights. Judges of the Court are appointed for life. The Court has jurisdiction over state administration, administrative disputes and other issues related to state administration. Among other things, the Court can assess the legality of individual and general enforceable administrative acts adopted under state law, the performance of public officials in the exercise of their functions, and decide on reopening of closed court cases. The State Court is a new institution and has not yet had cases of redress of rights with regards to administrative issues.

The Law on Administrative Disputes (Official Gazette of BiH, 19/02) stipulates that the right to initiate an administrative dispute is vested in:

- a citizen or legal person if the final administrative act violated his/her right or direct personal interest based on law;
- a civil servant if the final administrative act violated his/her right arising from employment;
- groups representing collective interests (associations and foundations, corporations, trade unions) if the final administrative act violated their rights or collective interests they represent; or
- an administrative body, administrative service, business unit of a company (association), settlement or group of people although they do not have the status of a legal person, if

they may be the holders of the rights and obligations that have been decided in the administrative dispute.

All administrative bodies, administrative services and legal persons are bound to inform the competent Public Attorney or other legally authorised body on acts of violation, when they become aware of them.

If the final administrative act violated the law to the disadvantage of BiH or if it violated the law for the benefit of a legal person or citizen, the administrative dispute may be initiated by the Public Attorney of Bosnia and Herzegovina.

An administrative dispute may be initiated by the Ombudsperson for Bosnia and Herzegovina, but s/he can also intervene in the ongoing procedure when the Ombudsperson concludes that the final administrative act violated human dignity, rights and freedoms of citizens ensured by the Constitution of BiH.

The Office of the Human Rights Ombudsperson of BiH is an independent institution, set up to promote good governance and the rule of law and to protect the rights and freedoms of persons and institutions, as guaranteed by the Constitution.

The Office of the Ombudsperson at the state level supervises the work of the entity Ombudspersons and acts as a central body for human rights issues pertaining to all BiH. There is an initiative to integrate the Ombudspersons' offices into one office.

The Ombudsperson reviews matters of inadequate functioning or violations of human rights and freedoms made by any government body, including military authorities. The Ombudsperson is also authorised to make investigations on all complaints concerning inadequate functioning of the court system.

The Ombudsperson of Human Rights of BiH has an exclusive competence for cases referring to:

- bodies of Bosnia-Herzegovina;
- a body of the government of an entity and a body of BiH at the same time; and
- bodies of the governments of both the entities at the same time.

The Ombudsperson has a right to represent a citizen abroad at international human rights institutions and to give recommendations to authorities with the aim of adopting new measures which improve human rights. The bodies that receive such recommendations are obliged to make a written reply and inform the Ombudsman with regard to the request of implementing new measures.

The Ombudsperson submits annually a report to the Presidency and to the both Houses of the Parliament.

## **10. Specific Topics**

### **10.1 Public Procurement**

On 22 April 2004 the Council of Ministers agreed on the draft Law on Public Procurement and decided to send it into the parliamentary procedure. Once adopted, the Law is expected to ensure that fair and transparent procedures are applied to all public purchases. The Law on

Public Procurement will establish an efficient, effective and modern legal framework to regulate public procurement in BiH for which 600 to 800 million KM (300 to 400 million euros) are being spent annually at all administrative levels in BiH.

Two new independent bodies – the Public Procurement Agency and the Procurement Review Body – are to be established in order to monitor the procurement process, gather information and ensure compliance with the procedures and regulations of the Law. Adoption and implementation of this Law is one of the 16 recommendations of the European Commission Feasibility Study and is a requirement for BiH's progress towards EU integration.

In the meantime, the Decision on Public Procurement of the Council of Ministers, which stipulates that every procurement over 15 000 euros requires an open tender procedure, is in effect. The tendering procedure for procurement is carried out by the General Service of the Joint Institutions for all institutions of BiH. The main condition is that at least three valid offers should be submitted for a tender to be considered successful.

The Law on the Conflict of Interest in Governmental Institutions of BiH (Official Gazette of BiH, 13/02) stipulates that any public or private enterprise that submits a bid to provide goods or services for the government has to submit a written statement together with a bid containing a listing of any contributions to political parties that the enterprise has made within the preceding two years. The statement also has to list all elected officials, executive officeholders and advisors who have been employed by, or served on the management board, of the enterprise within the preceding two years. This provision applies to contracts which exceed 5 000 KM (2 500 euros) per year.

Information on tenders, with instructions on how to apply, must be published in the Official Gazette of BiH, while it is the practice to publish it in printed media as well. When procurement is carried out with a decision for an international tender, the procurer also publishes the information in the media abroad. There is no preferential treatment given to national companies over foreign companies. In case of dissatisfaction, a tenderer may file complaints with the ministry or institution in charge.

## **10.2 Combating Fraud and Corruption**

The national strategy for combating fraud and corruption is in the process of development. At present, anti-corruption activities have their focal point in the Anti-Crime and Corruption Unit (ACCU), within the Rule of Law Pillar of the Office of the High Representative. The ACCU assists BiH authorities in analysing, investigating, and prosecuting illegal acts and follows court cases through all phases of the judicial process. The ACCU works on several levels – it initiates and supports a range of actions. Thus, the ACCU assists state auditors in conducting audits; has launched a public awareness campaign; has written a comprehensive anti-corruption strategy for BiH; supports civil society efforts in combating fraud and corruption; and organises anti-corruption seminars and trainings for target audience.

The Anti-Corruption Strategy has two levels: an individual case by case approach and a systemic approach. The individual case by case approach involves direct support and assistance to local authorities in the investigation and prosecution of major corruption, fraud and economic crime cases. The systemic approach utilises four pillars, namely eliminate opportunities; transparency and reporting; control and penalties; and education and public awareness. Under these pillars specific tools/measures can be developed which are necessary to identify, develop and

implement changes in the structure and procedures of government, and to significantly reduce corruption and establish public awareness.

The four major sectors of society which are impacted by corruption are identified and measures are being developed for these sectors in view of all four strategic pillars in order to reduce corruption efficiently. The Public Revenue Sector addresses/reviews tax simplification, revenue collection, establishment of a treasury function, payment bureaus and aid institution procedures. The Rule of Law Sector reviews general judicial reform efforts currently underway and addresses the need for anti-corruption laws, task forces and training. The Institutional Sector discusses the need for a border service, parliamentary commissions, the creation/further strengthening of Supreme Audit Institutions and Transparency Offices as well as the reform of the civil service and government regulations. The Public Awareness Sector addresses the need to educate all segments of BiH society as to the costs and effects of corruption, and to raise public awareness and intolerance for abuse of public office.

Specific action plans have been developed for each of the sectors, identifying the tasks which need to be completed, which organisations are responsible for their completion and target completion dates. The strategy is meant to be a flexible document and is to be reviewed and modified to reflect the lessons learned as it is implemented. The organisations identified in the strategy have to meet periodically under the coordination of the Office of the High Representative to report on progress made, problems encountered and development of any necessary changes in the strategy.

The Law on Conflict of Interest in Governmental Institutions of Bosnia-Herzegovina (Official Gazette of BiH, 13/02) establishes special obligations of elected officials, executive officeholders, and advisors in the institutions of the BiH Government. The Law regulates the behaviour of officials who in exercising their public duties must apply principles of impartiality, integrity, transparency and credibility.

The Election Commission of Bosnia-Herzegovina is a body which requests, collects and controls the financial status of officials that stand for elections. The mechanism to control the financial status of civil servants lies with institutions that employ them and the Revenue Service in general. Elected officials, executive officeholders and advisers must file regular financial reports as required by law and by the Rules and Regulations of the Election Commission. When appointed to a position, a civil servant has to disclose all information on property s/he and his/her close relatives possess.

### **10.3 Access to Public Information**

The Freedom of Information Act for BiH (Official Gazette of BiH, 28/00) sets out the legal framework for free access to information in possession of public administrative organs in BiH. Every citizen and every legal person has a right to access such information to the maximum possible and public administrative organs have a duty to provide such requested information. The violation of this law is subject to sanctions foreseen in the overall legal system of BiH.

The purposes of this Act are:

- to acknowledge that information in control of public authorities is a valuable public resource and that public access to such information promotes greater transparency and accountability of those authorities, and is essential to the democratic process;

- to establish that every person has a right to access this information to the greatest extent possible consistent with the public interest, and that public authorities have a corresponding obligation to disclose information; and
- to enable every citizen to request the amendment of, and to comment on, his or her personal information in control of a public authority.

The administrative body has to publish guidelines that facilitate access to information, particularly information necessary to contact the administrative body and a person in charge of information dissemination, essential elements necessary to submit a request for information, as well as any other instructions that facilitate the access to information. In a situation when the administrative body is not in a position to issue requested information, its duty is to respond in writing as to why it is not in a position to issue such information and, if possible, instruct as to where else the information can be obtained. The reply also has to contain instructions as to whom complaints can be filed, including the right to complain to the Ombudsperson.

A competent authority may claim an exemption where disclosure would reasonably be expected to cause substantial harm to the legitimate interests of BiH, as in the following cases:

- foreign policy, defence and security interests, and subsequent protection of public safety;
- monetary policy interests;
- crime prevention and any preliminary criminal investigation; and
- the protection of the deliberative process of a public authority insofar as it involves the expressing of opinions, advice or recommendations by a public authority and does not involve factual, statistical, scientific, or technical information.

Furthermore, a competent authority can claim an exemption if it reasonably determines that the requested information involves the personal privacy of a third person, or commercial interests of a third party who, upon being informed of the request for information, responds in writing that it considers the information to be confidential and gives reasons as to why his/her justified interests would be harmed by disclosure.

Any requester has the right to file an internal administrative appeal against any decision with the head of the public authority that issues the decision. This Act also provides for the establishment of an Information Ombudsperson who will work within the Office of the Ombudsperson of BiH.

#### **10.4 Rights of Minorities**

The legal instrument for the protection of national minorities is the Law on Rights of National Minorities (Official Gazette of BiH, 12/03). A national minority is defined as any citizen who does not belong to one of the three constituent peoples. Members of national minorities have the right to protect and express their cultural, religious, educational, social, economic and political freedoms, rights, interests, needs and identities.

The BiH Parliament has established the Council of National Minorities as a special advisory body that consists of members of national minorities. Members of national minorities are entitled to be represented in government and public administration as well as in other public services at all levels in proportion to the percentage of their representation in the population.

Out of 3 761 person employed in the state administration, 68 (including five foreign citizens), or less than two per cent declare themselves as 'others'.

## **10.5 e-Government**

Within the state government there has been discussion on the informatisation of the public administration. However, there has been no substantial progress on this, mainly due to financial constraints. The Council of Ministers does not have a website, nor do most ministries, with the exception of the Ministry of Foreign Affairs and the Directorate for European Integration. Most state independent bodies have websites, but they differ with regard to the amount of information available on them and how frequently they are updated. Due to this situation, there is no requirement that would provide for mandatory publication of certain types of documents on the Internet. Likewise, it is not possible to electronically conduct transactions with the public administration.

## **11. Managing European Integration**

### **11.1 The Institutional Framework of EU-Related Policy-Making**

The Directorate for European Integration took over the responsibilities of the previous Ministry for European Integration and it reports directly to the Chairman of the CoM.

It is organised into following units:

- Office of the Director;
- Integration Strategy Unit;
- Harmonisation of Laws Unit;
- Aid Coordination Unit;
- Translations Office; and
- Secretariat.

The main duties of the Directorate include:

- coordination of activities concerning the harmonisation of the BiH legislation with the *acquis communautaire*;
- checking compliance of all draft laws and decrees with 'The White Book – the Preparation of the Associated Countries of Central and Eastern Europe for Integration in the Union's Inner Market';
- harmonisation of activities of bodies and institutions in BiH in relation to activities within the scope of European integration;
- serving as the contact point for the European Commission in BiH;
- coordinating implementation of decisions taken by authorities and institutions of BiH, entities and the District of Brcko, with respect to activities BiH has to undertake to facilitate European integration;
- participating in drafting of laws, regulations and directives related to European integration;

- acting as the main operational counterpart of the European Commission in the Stabilisation and Association Process; and
- coordinating EU aid to BiH.

The Directorate has established a functional relationship with ministries, administrative bodies and entity governments on issues related to EU integration strategy and policy, harmonisation of legislation and aid coordination. It is also a central interface between EU institutions and BiH. Thus, with its 38 employees, the Directorate is the focal point for all activities related to European integration.

### **11.2 Managing the Approximation of Laws**

The Harmonisation of Laws Unit within the Directorate for European Integration is in charge of managing the approximation of laws. The main task of the Unit is coordination of and assistance to the ministries and administrative bodies when harmonising the BiH legal system with the *acquis communautaire*, as well as the EU conformity check of all draft laws and regulations submitted to the CoM by ministries and administrative bodies. In cooperation with the Integration Strategy Unit, the Harmonisation of Laws Unit provides all necessary legal assistance in drafting laws, regulations and other documents related to activities BiH is obliged to undertake in order to join the EU accession process.

### **11.3 Implementing the *acquis communautaire***

BiH has not made much progress in the implementation of the *acquis*, although the EU-related activities are gradually intensifying. An important step in this regard has been the endorsement of the Programme of Activities for Realisation of Priorities in 2004 based on the report of the European Commission to the CoM on the preparedness of BiH for negotiations of SAA with the EU.

The following key milestones have been put forward, among others:

- full cooperation with the Hague Tribunal;
- establishment for 2004 of a consolidated state-level government work plan matching policy priorities with budgetary resources;
- full implementation of the Action Plan for Priority Reforms;
- implementation of the Law on the Council of Ministers and the Law on Ministries and Other Administrative Bodies of BiH;
- development of a comprehensive and cost-estimated Action Plan for public administration reform with a clear distribution of competences;
- funding and cooperation with the Civil Service Agencies at state and entity level;
- ensuring the proper and full functioning of the Directorate for European Integration including its aid-coordination capacities;
- completion of the transfer of jurisdiction from human rights bodies to the state level;
- assuming full national responsibility for the state Ombudsperson and progress made on the merger of the state and entity Ombudspersons;
- provision of appropriate staff and funding for the State Court of BiH;

- ensuring full functioning of the Ministry of Security and the State Information and Protection Agency;
- continuing the structural reform of police;
- demonstrable progress in preparing the introduction of VAT with a view to beginning on schedule;
- adoption and implementation of a Budget Law covering multi-annual budget planning and projections;
- beginning to elaborate a consolidated government account;
- taking steps to record all income accruing to public authorities at different levels of government, including grants and other forms of international assistance;
- establishment of a coherent and comprehensive foreign trade policy; and
- implementation of a consistent and effective public procurement regime.

#### **11.4 Managing Technical Assistance**

The Aid Coordination Unit within the Directorate for European Integration is in charge of coordinating the EU assistance programs for BiH. In addition, this Unit analyses funds used in BiH through the EU assistance programmes (implementation of concrete projects), as well as collection of information about assistance and funds provided through the EU CARDS programme (and others).

#### **12. Plans for Reform and Modernization**

Public Administration Reform (PAR) is one of the top priorities of BiH at the present time. To facilitate PAR, the three governments in BiH – Council of Ministers, Government of the Federation and Government of the Republika Srpska – issued a joint statement on the necessity to adopt the Strategy Paper on Public Administration Reform and distinguished basic principles that are to guide the envisaged reform. The principles are the following:

- to make public administration cost-effective and well organised;
- to ensure that taxpayers' money is spent efficiently and transparently;
- to ensure that the civil service is professional and accountable;
- to introduce the EU Best Practice into public administration work; and
- to ensure quality-driven and citizens-friendly public service.

The timeframe for drafting this strategy is September 2004. The Intergovernmental Public Administration Reform Task Force, including ministers of Justice and high ranking civil servants from state and entity level, is to draft the strategy paper.

Through the CARDS programme, the EU contributes to public administration reform by funding three projects:

- support to the Office of the Coordinator for Public Administration Reform in BiH (to assist the BiH Minister of Justice in his role as Chairman of the Public Administration Reform Task Force by setting up the Office responsible for coordinating the reform process);

- system review of public administration institutions in BiH (review of the horizontal functions – public finances, human resources management, administrative procedures, legislative drafting and IT management – of beneficiary institutions); and
- support to the General Secretariat of the Council of Ministers (facilitate efficient and effective work of the CoM).