

**Monitoring performance of the BiH CoM and the BiH PA**

**01.01 – 30.09.2015**

**BiH COUNCIL OF MINISTERS I-IX 2015**

**FOLLOWING VERY MODEST RESULTS OF THE COUNCIL OF MINISTERS IN “TECHNICAL MANDATE” IN THE FIRST QUARTER, AND A RELATIVELY GOOD START BY THE NEW COUNCIL IN THE SECOND QUARTER, EVEN BETTER RESULTS WERE ACHIEVED IN THE THIRD QUARTER.** It also relates to the intensity of the work, i.e. to the number of held sessions, to the number of confirmed laws, but mostly to the number of considered measures. The new Council of Ministers increased the number of considered measures for two and a half times, from 104 measures in the first quarter to 279 measures in the second quarter, and in the third quarter the number had risen to 327 measures.

**THE POOR RESULTS IN THE FIRST QUARTER ARE THE REASON WHY THE TOTAL NUMBER OF CONSIDERED MEASURES IN FIRST NINE MONTHS OF 2015 IS BELOW THE AVERAGE OF THE PREVIOUS MANDATE.** If viewed individually, by years, the results in first 9 months of 2015 are only better than the last year’s results.

**HOWEVER, THE INTENSITY OF THE WORK HAS BEEN FAR AWAY FROM ANYTHING WE HAVE SEEN IN ANY OF THE YEARS OF THE PREVIOUS MANDATE.** The Council of Ministers has in the first 9 months of 2015 worked in sessions two times more than the average in the past four years. It held more sessions and the time spend in sessions was also longer.

**IN THE FIRST 9 MONTHS OF 2015 THE POOREST SEGMENT IN THE WORK OF THE BIH COUNCIL OF MINISTERS RELATES TO THE NUMBER OF CONFIRMED LAWS.** The Council of Ministers in “technical mandate” did not confirm a single law in the first three months, and the new Council of Ministers confirmed only 9 laws (3 in second and 6 in third quarter), which is two times less than the average in the previous mandate. The information that the 2015 Work Plan of the Council of Ministers envisages realization of 65 laws indicates how low the level of legislative activity is. On the other hand…

**THE HIGHEST NUMBER OF STRATEGIES IN THE LAST FIVE YEARS WAS CONFIRMED IN 2015.** In the first nine months of 2015 the BiH Council of Ministers confirmed 6 strategies and all of them were confirmed by the new Council of Ministers, which was appointed on March 31, hence in the six months of work. These are: the Strategy for Combating corruption in Bosnia and Herzegovina (2015-2019), Strategy for admission and integration of BiH citizens who return to BiH in line with Readmission Agreement (2015 – 2018), BiH Strategy for prevention and fight against terrorism (2015 – 2020), Framework strategy for implementation of the Convention on Preventing and Combating Violence against Women and Domestic Violence in BiH (2015 – 2018), Strategic framework for BiH (2015-2018) and Strategy for judicial reform in BiH (2014 – 2018). (The Strategy for integrated border management for the period 2015-2018 has been also recently adopted).

**IN THE REPORTING PERIOD (MORE ACCURATELY ON JUNE 10, 2015) THE BIH COUNCIL OF MINISTERS ALSO ADOPTED THE ECONOMIC REFORM AGENDA**. Reform Agenda represents a very important instrument for economic-social development of BiH, and endorsed document contains the most important reforms that our country’s authorities should implement aimed at acceleration of the European path of BiH and strengthening of sustainable, efficient and stable economic growth. Several measures from the Action plan for implementation of the Reform Agenda at the BiH Council of Ministers’ level were confirmed by the end of third quarter. The action plan contains a set of 50 measures that should be implemented by the end of March 2016**.**

**THE COUNCIL OF MINISTERS PASSED SEVERAL MEASURES IN THE REPORTING PERIOD AND THEIR POSITIVE CONSEQUENCES ARE ALREADY FELT.** Intensive work has led, *inter alia*, to opening of the possibility for export of milk and dairy products to the EU; and moderate reaction to obstacles that appeared on that road indicated existence of necessary determination and ability to face serious problems within the State authority.

**HARDLY REACHED COMPROMISE HAS LED TO REMOVAL OF BIH FROM THE MONEYVAL’S GREY LIST.** Harmonization of BiH criminal legislation with the international law is completed by final endorsement of changes and addenda to the BiH Criminal Code. Harmonization with the recommendations of GRECO, Moneyval committee and FATF - Inter-governmental body developing and promoting policies to combat money laundering and terrorist financing – is also completed. The assessment of significant progress that the BiH achieved in the last months was presented at the plenary session of the Moneyval in mid-September and BiH was removed from the Moneyval’s “grey list” and placed amongst the States with regular reporting procedure.

**ENDORSEMENT OF THE FRAMEWORK TRANSPORT POLICY FOR BIH 2015 – 2030 OPENED THE ROADS TO THE EUROPEAN FUNDS.** Endorsement of the Framework transport policy is necessary not only to improve BiH’s access to co-financing funds in 2015 (and BiH has already received 28 million at the recent summit in Vienna), but it is also a precondition for preparation and implementation of the BiH Transport strategy that covers transport by roads, railroads, combined and maritime traffic. Only then, the EU Commission will be able to co-finance further investments in the BiH transport infrastructure under IPA II (2014-2020) from 2016.

**EVEN BESIDES POSITIVE SHIFTS, THERE ARE STILL MANY PROBLEMS THAT ARE HERITAGE OF POLICY OF EXCLUSIVENESS; AND AS WE HAVE SEEN BEFORE, CAN EASILY BE SOLVED THROUGH COMPROMISE AND MUTUAL RESPECT BETWEEN ACTORS AT THE POLITICAL SCENE.** BiH is a step away from EU Energy Community’s sanctions due to the failure to meet earlier assumed obligations i.e. to endorse the Energy Strategy and the BiH Law on gas, thus risking losing approximately 100 million Euros for very important EU funded energy projects.

And there is also the most significant request in all talks with the EU – establishment of a functional coordination mechanism on the European path of BiH, whose absence is most certainly one of the serious obstacles for acceleration of the European path of Bosnia and Herzegovina.

The BiH Development Strategy and the Social Inclusion Strategy for the period 2015 – 2020 have to be defined and endorsed as soon as possible.

**NOT ONCE IN THE LAST TEN YEARS DID THE BIH COUNCIL OF MINISTERS CONFIRM THE BUDGET WITHIN THE LEGALLY SET DEADLINE.** In case of the 2015 Budget the responsibility for failing to meet the obligation of delivering the Draft Law on budget of BiH institutions and international obligations of BiH for next year to the BiH Council of Ministers (by the Ministry of finance and treasury) until October 1 of the current year; and to the BiH Presidency until October 15 at latest, rests on the Government in “technical mandate”. Since the Ministry of finance did not submit the Draft Law on 2016 budget within legally set deadline (but two months later), it is obvious that the current BiH Council of Ministers continues to violate legal provisions, thereby preventing the State Presidency to meet its obligations in line with the legally set deadlines (until November 1).

**THE NATIONAL AUTHORITIES HAVE A YEARS-LONG PROBLEM OF FAILING TO ADOPT THE ANNUAL WORK PLAN WITHIN LEGALLY SET DEADLINES I.E. BY THE BEGINNING OF THE YEAR TO WHICH IT RELATES.** The interesting fact is that in the past four year period the annual work plan of the BiH Council of Ministers was adopted on time only in 2011 for 2012 and it was adopted by the CoM in “technical mandate”. The CoM that was “in technical mandate” in the first quarter of 2015 showed no interest in developing a 2015 work plan and the latter was adopted on May 7, 2015, a month after the new Council of Ministers was appointed. We once more reiterate that timely endorsement of the work plan, i.e. before the beginning of the year to which it relates, is very important for efficient work of an institution and its focus on projected objectives.

Amongst the positive happenings that occurred during the reporting period, we would like to mention successful BiH chairmanship of the Council of Europe’s Committee of Ministers.

Industrial production and employment in BiH increased respectively for 2% and 1.8% in 2015, and other parameters also indicate growth of economic activity. Foreign trade deficit decreased and deposits continued to grow.

Results of the opinion poll that the Directorate for European Integrations conducted at the beginning of reporting period indicate that 78% of the BiH citizens would vote positively in case a referendum on EU membership is to be organized.

On the other hand…

Bosnia and Herzegovina is in the last, 111th place, by the World Economic Forum’s parameters concerning competitiveness.

Our credit rating is relatively poor – B, with possibility of additional decline in case BiH does not ensure external sources of financing for budget deficit on time.

The external debt of BiH doubled in the last eight years and now is 8 billion KM and together with the internal debt the total is approximately 11.5 billion KM. It constantly increases, which is one of the most dangerous trends, especially having in mind that the new loans are not taken to stimulate production, empower real sector and employment therein, but primarily to cover budget deficit and continue excessive public spending.

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**BiH PA I-IX 2015.**

**UNLIKE THE COUNCIL OF MINISTERS, WHICH HAD CONTINUOUS GROWTH IN ALL PARAMETERS DURING THE REPORTING PERIOD, BOTH HOUSES OF THE BIH PARLIAMENTARY ASSEMBLY HAD A DECLINE IN WORK INTENSITY AND PRODUCTIVITY – HOUSE OF REPRESENTATIVES CONSTANTLY; AND AFTER A DECLINE IN THE SECOND QUARTER THE HOUSE OF PEOPLE PRACTICALLY REMAINED AT THE SAME LEVEL IN THE THIRD QUARTER.** From 10 sessions held in the first quarter the House of Representatives dropped to 5 sessions in second quarter, and then only to three sessions in third quarter. The number of considered measures declined from 92 in the first quarter to 85 in the second quarter and then to 65 in the third quarter. The House of Peoples went from six sessions and 73 considered measures to 3 sessions and 45 measures in the second quarter, whilst it kept the same level in the third quarter.

**RESULT OF COMPARISON WITH THE PREVIOUS CONVOCATION OF THE BIH PA IS VERY SIMILAR TO THE RESULT OF COMPARISON BETWEEN THE COUNCILS OF MINISTERS – HIGHER LEVEL OF WORK INTENSITY, BUT LOWER PRODUCTIVITY.** In the first nine months of 2015 both Houses had higher number of sessions and higher number of hours spent in the sessions than in any other year of the previous mandate (HoR had 18 sessions against the average of 14 sessions that the previous convocation held in first nine months, and HoP had 12 sessions against the average of 7.5 sessions of the previous convocation). However, the number of considered measures is significantly lower than the average of the previous mandate – in the HoR for 16% and in the HoP for 25%.

**THE MOST SIGNIFICANT PROBLEM IS LOW REALIZATION OF THE LAWS.** Only nine laws were endorsed in the first 9 months of 2015, which is lower than the results of the first post-election years of both past mandates. The BiH PA continuously has problem with low realization of the laws, making them the most expensive laws in the region. The information that the HoR’s Work plan envisaged realization of 76 laws in 2015 only indicates how poor the result of its work is. The number is eight times higher than the number of laws endorsed by the BiH PA in the first 9 months.

**UNFORTUNATELY THE PECULIAR TREND OF THE STATE PARLIAMENT HAS BEEN CONTINUED – THE NUMBER OF REJECTED LAWS IS ALMOST IDENTICAL (AND SOMETIMES EVEN HIGHER) THAN THE NUMBER OF ENDORSED LAWS.** The BiH PA rejected only two laws less (7) than it adopted in this period. Two more laws were withdrawn from the official procedure.

**EVEN BESIDES POOR RESULTS REGARDING LEGISLATIVE ACTIVITIES OF THE BIH PA SIGNIFICANT STEPS WERE MADE ON THE EUROPEAN PATH OF BIH IN THE FIRST 9 MONTHS OF 2015.** At the very beginning of the year the Parliament adopted the Statement on commitment of all levels of authorities in BiH to implement necessary reforms within the EU accession process. The Statement made way for entry into the force of the Stabilization and Accession Agreement on June 1, 2015, seven years after it was signed. Our country was offered assistance in the reform process aimed at country’s stabilization and solving of the most significant problems of the BiH citizens. Furthermore, the changes and addenda to the BiH Criminal Code on prevention of money laundering and financing of terrorist activities were finally adopted and thus Bosnia and Herzegovina avoided the so-called “grey” list of Moneyval. The reform agenda for Bosnia and Herzegovina is also adopted. On the other hand…....

**CCI HAS BEEN FOR YEARS NOW WARNING OF UNACCEPTABILITY OF THE SITUATION WHERE A COUNTRY WHOSE POLITICIANS DECLARATIVELY COMMIT TO EU INTEGRATIONS STILL DOES NOT HAVE A RELEVANT STRATEGIC DOCUMENT FOR ACCESSION TO THE EU: “EU INTEGRATION PROGRAM OF BIH”**. It is a document that would consolidate all existing obligations and simplify planning and monitoring of the entire EU accession process, whilst providing dynamics for realization of all segments of the European path of BiH together with a plan for harmonization of domestic legislation with the EU legislation and assessment of the costs for realization of such a program.

**IN LINE WITH THE RECENT CHANGES TO THE RULES OF PROCEDURES OF BOTH HOUSES OF BIH PA THIS INSTITUTION WILL IN FUTURE ADOPT THE “EUROPEAN LAWS UNDER A “SHORTENED” PROCEDURE.** The changes that were verified in Rules of Procedures of both Houses of BiH PA should accelerate endorsement of “European laws”. This was one of the CCI’s recommendations in line with the positive experiences of the countries in the region.

**THE BIH PARLIAMENTARY ASSEMBLY WAS LATE WITH ADOPTION OF KEY DOCUMENTS IN 2015 – WORK PLAN AND BUDGET.** The trend of timely adoption of the BiH institutions’ budget i.e. before the beginning of the year to which it relates, has been discontinued and it was proven possible in the last two years of the previous mandate under the strong pressure of the IMF. The Parliamentary Assembly of BiH adopted the 2015 budget on May 18, 2015 instead by the end of 2014. Instead of being adopted before the beginning of the year to which they relate the work plans were adopted in February (House of Representatives) and in May (House of Peoples). Unfortunately, available information indicate that endorsement of these documents for 2016, primarily endorsement of the Work plan, will be probably delayed.

**THE WAY IN WHICH THE BUDGET IS ADOPTED IS A SPECIAL PROBLEM.** The 2015 Budget of BiH institutions was adopted in insufficiently transparent way, under urgent procedure and without any public discussion. Certain MPs had expressed their disapproval of such a procedure, since they could not file any amendments to the Law on budget of BiH institutions and international obligations of BiH for 2015.

**BIH INSTITUTIONS STILL CONTINUE TO SYSTEMICALLY DISCRIMINATE BIH CITIZENS AND TO VIOLATE INTERNATIONAL LAWS.** The BiH PA House of Peoples is still functioning without a representative of “Others”. Even though the European Union is not presently insisting on implementation of the decision of the European Court for Human Rights in the case “Sejdić-Finci” - it does not use it to condition the BiH progress on the European path. Such “flexibility” of the European Union cannot be an excuse for the domestic authorities to give up on implementation of the decision, since the reason for implementation of the decision is not part of any EU demands and it does not rest on the fact that we will lose any benefits, primarily the financial ones, if we fail to implement the decision, but the reason for implementation of the decision should (and has to) rest on the fact that BiH does not want to be a country that violates fundamental human rights of its citizens.

**THE MEMBERS OF THE BIH PA HAVE STARTED TRANSLATING THEIR SOCIAL SENSITIVENESS TOWARDS UNPRIVILEGED CITIZENS INTO THE PRACTICE.** The legislative procedure that is to create preconditions for termination of so-called “White bread” has not been completed nor were the wages of MPs and BiH Council of Ministers’ members reduced. However, CCI’s recommendations on termination of compensations for work in managing and supervising boards, commissions, etc. during the working hours have been finally accepted through the Law on changes and addenda to the Law on wages and compensations in BiH institutions. Compensations for the overtime work have been also significantly reduced.

**THE BIH PA’S TRANSPARENCY IS CONTINUOUSLY AT AN ENVIABLE LEVEL.** If we are to disregard the unnecessary scandal when CCI’s monitors were not permitted to attend the Parliament’s sessions, the BiH PA has for a long period a time been an institution that has reached a respectable level of transparency. This also relates to the BiH PA’s website that with its functionality, amount of the data and regular update represents an excellent example to other institutions that want to grow in this context.

The new State government has taken over a quite disturbing situation – lost years are an epilogue of the four-year mandate of the previous government and in that time the government did not do almost anything significant for its citizens. Instead of producing unnecessary conflicts the new State government has effortlessly done a lot in only six months just by being more constructive and respectful of citizens’ interest.

* EU integration processes of the country, which were in a stalemate, are deblocked (of course with the help from the EU friends).
* We were removed from the Moneyval’s “grey” list.
* We are trying to avoid sanction that would cost the country tens and hundreds of millions of Euros of much needed “grant funds”.
* We are slowly amortizing lack of preparedness for Croatia’s membership in the EU, which was seen as a blow to already fallen economy. The mechanisms for unimpeded selling of our products in the EU are being established.

But still:

* BiH is the only State on the European continent that openly and systematically violates human rights of its citizens.
* Many important laws and strategies were not adopted and have been for many years now waiting political awakening. In many ways these laws and strategies should have improved BiH citizens’ quality of life, for example, by providing access to IPA funds.

Even besides some significant oversights, the State government has displayed respectable constructiveness in the reporting period, awakening the hope that there is an alternative to the former politics of conflicts, obstructions and destruction.

We hope that this will last regardless of all temptations we are facing and that the positive attitude and focus on measures that can provide higher quality of life to the citizens of this country will be continued through the new composition of the Council of Ministers and parliamentary majority.

Of course, accompanied by higher productivity and commitment to adoption of the laws.

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