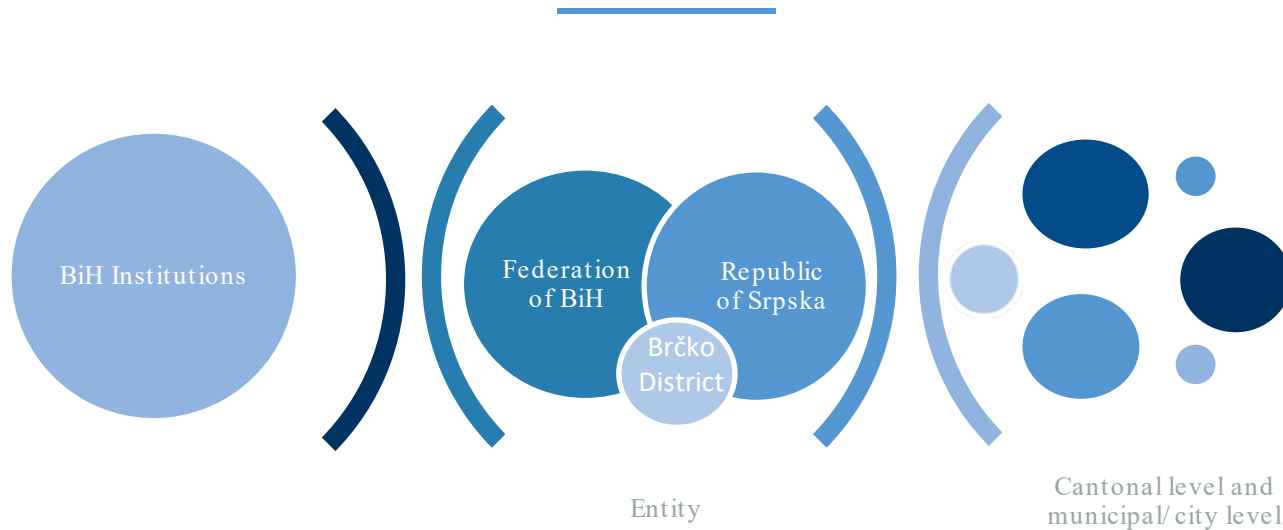




Structure of Public Administration and PFM System in Bosnia and Herzegovina

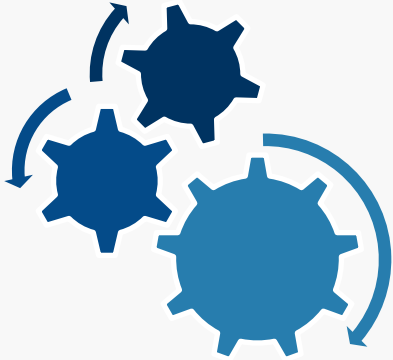
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FINANCIAL DECENTRALIZATION IN BOSNIA AND HERZEGOVINA



Bosnia and Herzegovina (BiH) is characterized by asymmetric fiscal decentralisation with multiple levels of general government with a high degree of budgetary autonomy – BiH Institutions; Entity Federation of BiH (FBiH) with the FBiH level, Cantonal level, and municipal/ city level; Entity Republic of Srpska (RS) with RS level and municipal/ city level; and Brčko District (BD).

FINANCIAL DECENTRALIZATION IN BOSNIA AND HERZEGOVINA



- Reflecting constitutional provisions, the fiscal system in Bosnia and Herzegovina is characterized by a high degree of decentralization. The general government sector consists of four levels of authority: the Institutions of Bosnia and Herzegovina, the Federation of Bosnia and Herzegovina, Republika Srpska, and the Brčko District of Bosnia and Herzegovina.
- The executive authorities in Bosnia and Herzegovina are: the Council of Ministers of Bosnia and Herzegovina, the Government of the Federation of Bosnia and Herzegovina, the Government of the Republic of Srpska, and the Government of the Brčko District of Bosnia and Herzegovina. All four levels of authority have public enterprises, and extra-budgetary funds (social security funds) exist in the entities.
- The Federation of Bosnia and Herzegovina consists of 10 cantons, with 16 cities and 79 municipalities. Republika Srpska consists of 10 cities and 54 municipalities.

Schematic overview of levels of governance in Bosnia and Herzegovina

Bosnia and Herzegovina

- a) foreign policy b) foreign trade policy c) customs policy d) monetary policy e) finances of the institutions and international obligations of BiH f) immigration, refugees and asylum g) international and inter-Entity criminal law enforcement and relations with Interpol h) common and international communications facilities i) inter-Entity transportation j) air traffic control; additional responsibilities as are agreed by the Entities
All governmental functions and powers not expressly assigned in this Constitution to the institutions of BiH shall be those of the Entities. [Article III (3) a] of the Constitution of BiH

Parliamentary Assembly of BiH

- a) enacts legislation and carries out the responsibilities
b) decides on the revenues for the operations of the institutions of BiH and international obligations of BiH
c) approves budget of the institutions of BiH
d) decides on ratification of treaties
e) other matters as necessary for carrying out its duties and obligations

House of Representatives

Acts of the Parliamentary Assembly of BiH:

- laws
- rules of procedure
- resolutions
- declarations
- decisions
- recommendations
- conclusions
- other acts

House of Peoples

Central Bank of BiH

Currency issuance and monetary policy; the Parliamentary Assembly determines the responsibilities of the Central Bank;

Regulations of the Central Bank:
(Autonomously issues acts that have the force of law)

- regulations
- guidelines
- instructions

Presidency of BiH

- a) conducts foreign policy
b) appoints ambassadors and representatives of BiH
c) represents BiH and seeks membership in international organizations
d) negotiates, denounces and ratifies treaties
e) executes decisions of the Parliamentary Assembly of BiH
f) proposes, upon the recommendation of the Council of Ministers, an annual budget to the Parliamentary Assembly of BiH
g) reports on expenditures to the Parliamentary Assembly
h) coordinates with international and NGOs in BiH
i) performs other functions to carry out its assigned duties

Acts of the Presidency of BiH:

1. normative acts:
 - legislative proposals
 - decisions on foreign policy
 - ratification of the Parliamentary Assembly decisions on state symbols
 - nomination and appointment of government officials
 - permits to the armed forces
 - testimony on the memoranda between the Entities
 - rules of procedures and other regulations of internal organization
 - other acts within its powers
2. declarative acts:
 - opinions
 - declarations
 - other acts

Council of Ministers of BiH

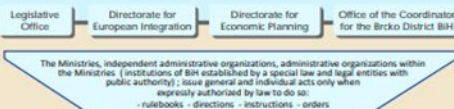
carries out policies and enforces decisions that fall within the framework of BiH competencies (Article III (1) of the Constitution of BiH), the inter-Entity coordination and cooperation (Article III (4) of the Constitution of BiH) and additional responsibilities (Article III (5) of the Constitution of BiH)

Acts of the Council of Ministers:

- decisions
- conclusions and statements
- drafts and proposals of laws
- analyses
- information
- strategic documents
- programs
- agreements
- protocols
- other acts

Economic Committee and Internal Policy Committee

General Secretariat



Constitutional Court

- The Constitutional Court upholds the Constitution
a) decides upon any dispute that arises under the Constitution between the Entities and BiH (including special parallel relationship with a neighboring state, the consistency of an Entity constitution or law with the Constitution of BiH)
b) has appellate jurisdiction over issues under the Constitution arising out of a judgment of any other court in BiH
c) has jurisdiction over issues referred by any court in BiH on whether a law is compatible with the Constitution, the European Convention on Human Rights, or with the laws of BiH, or concerning the existence of or scope of a general rule of public international law

Acts of the Constitutional Court:

- rules (organization, proceedings and other issues)
- decisions (on admissibility, on the merits, on repeal of a provision which is incompatible with the Constitution, on termination of a proceeding and on interim measures)
- rulings and conclusions (in both proceedings and internal matters)

Court of BiH

Criminal, administrative and appellate jurisdiction; adopts Rules of Procedure and has its own budget

Court Police of BiH

The Ministry of Justice of BiH is responsible for the work of the Court police of BiH, whereas the functioning is regulated by law

Prosecutor's Office of BiH

Acts independently as a separate body of BiH; Chief Prosecutor and deputies; has its own budget

High Judicial and Prosecutorial Council of BiH

Autonomous body for ensuring an independent, impartial and professional judiciary; in charge of appointment of judges and prosecutors in BiH and conducting disciplinary proceedings.

Other important institutions and bodies of BiH

(regulated by law or special regulation)

- Agency for Air Navigation Services of BiH
- Agency for the Prevention of Corruption and Coordination of Fight against Corruption
- Archives of Bosnia and Herzegovina
- Central Election Commission of BiH
- Civil Service Board of BiH
- Commission for Accounting and Auditing of BiH
- Commission for Concessions of BiH
- Commission for Coordination of Youth Issues in BiH
- Commission for Preservation of National Monuments
- Commission for Real Property Claims of Displaced Persons and Refugees
- Coordination Board of the Supreme Audit Institutions
- Council for Standardization of BiH
- Deposit Insurance Agency
- Elektroprenos BiH, shareholding company, Banja Luka
- Export Credit Agency of BiH
- Fiscal Council of BiH
- Foreign Trade Chamber of BiH
- Independent System Operator in BiH (electric power)
- Institute for Execution of Criminal Sanctions, Detention and other Measures of BiH pronounced by the Court of BiH
- Institution of Human Rights Ombudsman of BiH
- Intelligence and Security Agency of BiH
- Missing Persons Institute
- Office of the Attorney General of BiH
- Office of the Coordinator for the Public Administration Reform
- Official Gazette of BiH, public company, gazette publishing organization
- Public Service Broadcasting of BiH
- Service for Common Affairs of the Institutions of BiH
- State Commission for Cooperation with UNESCO
- State Commission for Integrated Management of the BiH Border
- State Electricity Regulatory Commission

Ministries and administrative organizations within the Ministries

1. Ministry of Foreign Affairs
2. Ministry of Foreign Trade and Economic Relations
 - Veterinary Office of BiH
 - Plant Health Protection Administration of BiH
 - Office for Harmonization and Coordination of Payment Systems
3. Ministry of Communications and Transport
 - Directorate of Civil Aviation of BiH
 - Railway Regulatory Board of BiH
4. Ministry of Finance and Treasury
 - Central Harmonization Unit
5. Ministry of Human Rights and Refugees
 - Agent of the Council of Ministers of BiH and Office of the Agent of the Council of Ministers of BiH before the European Court of Human Rights
 - Gender Equality Agency
6. Ministry of Justice
7. Ministry of Security
 - Directorate for Coordination of Police Bodies of BiH
 - Border Police of BiH
 - State Investigation and Protection Agency
 - Agency for Forensic Testing and Expertise
 - Agency for Education and Professional Training
 - Police Support Agency
 - Service for Foreigner Affairs
 - Directorate for Cooperation with INTERPOL, EUROPOL, SEO CENTER
8. Ministry of Civil Affairs
 - Agency for Identification Documents, Registers and Data Exchange of BiH
 - Demining Commission and Mine Action Center of BiH
9. Ministry of Defense

a) administrative and professional tasks and enforcement of laws and other regulations, accountable for their execution

- prepare laws and other regulations and general acts falling within their competence

b) prepare laws and other regulations and general acts falling within their competence

- perform other tasks stipulated by specific laws and other regulations

Independent administrative organizations (listed in the Law on Ministries and Other Bodies of BiH)

1. Agency for Statistics of BiH
2. Institute for Accreditation of BiH
3. Institute for Metrology of BiH
4. Institute for Intellectual Property of BiH
5. Institute for Standardization of BiH
6. Civil Service Agency of BiH
7. Foreign Investment Promotion Agency of BiH
8. Labor and Employment Agency of BiH
9. Communications Regulatory Agency of BiH
10. Public Procurement Agency of BiH
11. Insurance Agency of BiH
12. Agency for Postal Traffic of BiH
13. Personal Data Protection Agency of BiH
14. Market Surveillance Agency of BiH
15. Agency for Anti-doping Control of BiH
16. Agency for Development of Higher Education and Quality Assurance of BiH
17. Agency for Medicinal Products and Medicinal Devices of BiH
18. Agency for Preschool, Elementary and Secondary Education of BiH
19. Food Safety Agency of BiH
20. Competition Council of BiH
21. Indirect Taxation Authority of BiH
22. Office for Auditing of the Financial Operations of the Institutions of BiH
23. Centre for Information and Recognition of Documents in the Field of Higher Education
24. Ombudsman for Consumer Protection in BiH
25. State Regulatory Agency for Radiation and Nuclear Safety
26. Procurement Review Body of BiH (public procurement)
27. Return Fund of BiH

administrative and professional tasks requiring a special organization and independence in their work

Independent administrative organizations are financed from the state budget and independent sources

Independent administrative organizations are financed from the state budget and independent sources

Schematic overview of levels of governance in Bosnia and Herzegovina

The Federation of Bosnia and Herzegovina

The Federation of Bosnia and Herzegovina is one of the two entities composing the State of BiH, and has its powers, competences and responsibilities which do not, according to the Constitution of BiH, fall within the exclusive competence of the institutions of BiH (Article 11. [1] of the FBiH Constitution)

Exclusive competences of the Federation of BiH: a) citizenship b) economic policy, planning and reconstruction and land use policy at the FBiH level c) finance and financial institutions and fiscal policy d) combating terrorism, inter-Cantonal crimes, drug trafficking and organized crime e) electronic frequencies for radio, TV and other purposes, in accordance with the BiH Constitution f) energy policy g) foreign relations h) foreign trade i) taxation, borrowing of foreign debts

Joint competences of the FBiH and Cantons: a) human rights b) healthcare c) environmental policy d) communications and transport infrastructure, in accordance with the BiH Constitution e) social policy f) implementing arrangements on citizenship, passports and movement of foreign citizens g) tourism h) nature reserves (except for joint, but not joint administration done on an ongoing basis concerning the entire FBiH, the FBiH acts with regard to Cantons) i) protection of the environment j) protection of the consumer k) protection of the consumer l) protection of the consumer m) protection of the consumer n) protection of the consumer o) protection of the consumer p) protection of the consumer q) protection of the consumer r) protection of the consumer s) protection of the consumer t) protection of the consumer u) protection of the consumer v) protection of the consumer w) protection of the consumer x) protection of the consumer y) protection of the consumer z) protection of the consumer

Responsibilities of the Cantons: The Cantons provide for the competence not expressly granted to the FBiH authorities (article 10. [3] of the FBiH Constitution): a) establishing and controlling police force (control FBiH uniforms with Cantonal insignia) b) education c) cultural policy d) housing policy e) regulating and provision of public services f) regulating local use, including by zoning g) promoting local economic production facilities and ensuring the availability thereof h) regulating local energy production facilities i) regulating local energy production facilities j) regulating local energy production facilities k) regulating local energy production facilities l) regulating local energy production facilities m) regulating local energy production facilities n) regulating local energy production facilities o) regulating local energy production facilities p) regulating local energy production facilities q) regulating local energy production facilities r) regulating local energy production facilities s) regulating local energy production facilities t) regulating local energy production facilities u) regulating local energy production facilities v) regulating local energy production facilities w) regulating local energy production facilities x) regulating local energy production facilities y) regulating local energy production facilities z) regulating local energy production facilities

Parliament of FBiH

- elects the FBiH President and two Vice-Presidents
- requests decisions by the Constitutional Court on the removal of the President or one of the Vice-Presidents
- approves appointment of the Government
- passes laws
- authorizes Cantons to conclude international agreements, if approved by the Parliamentary Assembly of BiH
- approves international agreements with previous consent of the Parliamentary Assembly of BiH
- adopts the budget, passes taxation legislation and secures the financing
- exercises other competences as conferred upon it

House of Representatives House of Peoples

- Acts of the Parliament of FBiH:**
- Constitution of FBiH
 - laws
 - Budget of FBiH
 - annual balance sheet of FBiH budget
 - resolutions
 - recommendations
 - decisions and conclusions
 - authentic interpretation of laws and other acts
 - approving consolidated text of laws and other acts

President of FBiH

- Represents FBiH
- appoints the Government, heads of diplomatic missions, judges of the FBiH Constitutional Court
 - conducts consultations concerning the appointment of Ombudsmen and judges
 - signs decisions of the Parliament
 - signs and ratifies international agreements on behalf of the FBiH
 - grants reprieves and pardons;
 - The President in agreement with both Vice-Presidents and upon consultation with the Prime Minister or a nominee for that office, appoints the Government confirmed by the House of Representatives.
 - The President may remove the Government with consent of the Vice-Presidents;
 - The President removes ministers upon the proposal of the Prime Minister.

- Two Vice-Presidents** carry out the assigned responsibilities, act on behalf of the President and cooperate with the President when required.
- Acts of the President:**
- decisions on law promulgation
 - decisions (on removal of ministers or the prime minister, on granting pardons)
 - administrative decisions

The Government of FBiH

(Prime Minister and 16 ministers are accountable to the Parliament and to the President and Vice-Presidents)

- The Prime Minister** - executes and enforces policies and laws and court rulings; proposes removal of the President, proposes and makes recommendations concerning legislation; prepares budgetary proposals;
- Deputy Prime Ministers** - serve as ministers, assist the Prime Minister in implementing and enforcing laws and policies; decide whether to seek the opinion of the Constitutional Court, stand in for the Prime Minister;
- Ministers** - implement policies and enforce laws, propose and make recommendations concerning legislation; direct, coordinate and supervise the activities of their respective Ministries; issue acts, instructions, directions, regulations to facilitate the implementation of laws; analyze budgetary proposals; respond to inquiries of the Parliament; assist the Prime Minister in executing policies and laws

General Secretariat of the Government of FBiH

Acts of FBiH Government:

- decrees having the force of law (in special situations)
- decrees
- decisions
- conclusions

Office of the Government of FBiH for Public Relations

Office of the Government of FBiH for Legislation and Harmonization with EU Law

Office for Cooperation and Representation before the Constitutional Court of BiH

Administrative tasks within the competence of the FBiH are carried out by FBiH ministries, administrative bodies and institutions (enforcement of laws and other regulations, administrative surveillance, adoption of implementing legislation, preparation of regulations, monitoring situation in relevant areas, other administrative and technical tasks);

Perform administrative tasks independently and within the limits provided by the Constitution, law and other legislation;

FBiH and Cantonal administration may adopt regulations only when there is explicit law authorization to do so and within the limits provided for in that law:

- regulations - directions - instructions and orders

Constitutional Court of FBiH

- resolves disputes between Cantons, the FBiH government, municipalities and cities and any of the FBiH institutions
- at an official request, determines whether a law proposal is in accordance with the Constitution
- at an official request, determines whether a Cantonal constitution, proposed a law or law is in accordance with the FBiH Constitution
- at an official request, determines whether a FBiH or Cantonal regulation is in accordance with FBiH Constitution
- protects the right to local self-governance
- decides on constitutional issues presented by the Supreme Court or a Cantonal court, that arise in the course of a proceeding
- decides on issues concerning immunity

The Constitutional Court passes:

- verdicts
- rulings
- opinions
- orders on interim measures

Cantons

- All Cantons have constitutions that are consistent with FBiH Constitution and may establish Cantonal councils in order to coordinate policies and activities
- 1) The Cantonal Legislative Body adopts laws and other legislation
 - adopts the constitution through a 2/3 majority vote
 - passes regulations within Cantonal competence
 - adopts the budget, adopts taxation laws, ensures financing
 - 2) Cantonal Government (Prime Minister and Ministers constitute the Cantonal Government; they are appointed by the Cantonal legislative body, all decisions of the Government are taken by simple majority)
 - Cantonal policies and laws and the responsibilities assigned by the FBiH
 - budgetary proposals
 - supervision over the cantonal police
 - other duties as may be assigned by Constitution or Cantonal law

Cities

- Local self-governance - has a statute which must be in accordance with the Constitution of BiH, the Cantonal Constitution and Cantonal legislation; a city is responsible for: finance and tax policies in accordance with FBiH and Cantonal legislation, joint infrastructure, urban planning, public transportation and other responsibilities assigned to it.
- The City Council (an equal number of councilors from each municipality; no less than 15 and no more than 31 councilors) - adopts the city statute through a 2/3 majority vote, elects the mayor, adopts the city budget, enacts regulations and carries out other responsibilities specified in the statute;
- The Mayor appoints city officials, executes and enforces city policies and regulations, reports to the city council and to the public.

City of Sarajevo

- Local self-governance; the competences, organization and decision-making are defined by the Cantonal Constitution, laws and the City Statute, in accordance with FBiH

City of Mostar

- Local self-governance; organization and decision-making are regulated by a law and the City Statute; the city areas are determined in the Statute; the Mayor is elected by 2/3 majority of elected councilors; which is regulated in the Statute

Municipalities

- Local self-governance - each municipality has a statute which is consistent with FBiH Constitution, the Cantonal Constitution and the Cantonal legislation; the Municipal Council and the Municipal Mayor are directly elected;
- The Municipal Council - adopts the statute through a 2/3 majority vote; adopts the municipal budget, enacts regulations within municipal competence;
- The Municipal Mayor - appoints civil servants and officials, municipal policy, reports to the Council and to the public.

Independent FBiH institutions

1. FBiH Statistics Institute
2. FBiH Hydrometeorology Institute
3. FBiH Archives
4. FBiH Development Programming Institute
5. FBiH Consumer Protection Directorate
6. FBiH Anthropology Institute
7. FBiH Agriculture Institute Sarajevo
8. FBiH Agro-Mediterranean Institute Mostar
9. FBiH Geology Institute

Other important institutions and bodies

- Audit Office for the Institutions of FBiH
- BH Post, public company, Ltd. Sarajevo
- BH Telecom, joint-stock company Sarajevo
- Elektroprivreda BiH, public company, joint-stock company Sarajevo
- Elektroprivreda HDZB, public company, joint-stock company Mostar
- FBiH Agency for Quality and Accreditation of Healthcare
- FBiH Attorney's Office
- FBiH Banking Agency
- FBiH Bar Association
- FBiH Chamber of Commerce
- FBiH Civil Service Agency
- FBiH Concession Commission
- FBiH Development Bank
- FBiH Employment Institute
- FBiH Environment Protection Fund
- FBiH Gender Centre
- FBiH Institute for Health Insurance and Reinsurance
- FBiH Insurance Supervision Agency
- FBiH Judicial and Prosecutorial Training Centre, public institution
- FBiH Notary Chamber
- FBiH Pension and Disability Insurance Institute
- FBiH Privatization Agency
- FBiH Public Health Institute
- FBiH Railways, public company, Ltd. Sarajevo
- FBiH Securities Commission
- FBiH Securities Registry
- HT joint-stock company Mostar (telecom)
- Radio-television of FBiH
- Regulatory Commission for Electricity in FBiH
- Service for Joint Affairs of the Institutions and Bodies of FBiH

Federal Ministries

1. FBiH Ministry of Interior
 - FBiH Police Administration
2. FBiH Ministry of Justice
 - Institute for Public Administration
3. FBiH Ministry of Finance
 - FBiH Tax Administration
 - Finance Police
4. FBiH Ministry of Energy, Mining and Industry
 - FBiH Metrology Institute
 - FBiH Directorate for Defence Industry
5. FBiH Ministry of Transport and Communications
 - FBiH Directorate for Civil Aviation
 - FBiH Directorate for Building, Managing and Maintaining Motorways
6. FBiH Ministry of Labour and Social Policy
7. FBiH Ministry of Displaced Persons and Refugees
8. FBiH Ministry for Affairs Related to Veterans and Disabled Veterans of the Defence-Liberation War
9. FBiH Ministry of Health
10. FBiH Ministry of Education and Science
11. FBiH Ministry of Culture and Sports
12. FBiH Ministry of Protection of Monuments
13. FBiH Ministry of Trade
14. FBiH Ministry of Agriculture, Water Management and Forestry
15. FBiH Ministry of Forestry Administration
16. FBiH Ministry of Environment, Entrepreneurship and Crafts
17. FBiH Ministry of Environment and Tourism

Independent FBiH administration:

1. FBiH Administration of Civil Protection
2. FBiH Administration for Geodesic and Property Legal Affairs
3. FBiH Administration for Inspection Affairs

Supreme Court of FBiH

The highest court of appeals of the FBiH; its jurisdiction determined by law

Cantonal Courts

The jurisdiction is determined by law; appellate jurisdiction over municipal courts and first-instance jurisdiction over matters not within the competence of the municipal courts

FBiH Prosecutor's Office

Prosecutor's Office and Cantonal prosecutor's offices; jurisdiction is determined by specific law

Municipal Courts

May be established for the territory of one or several municipalities; jurisdiction over all civil and criminal matters except in cases determined by constitution or law, established by law and funded by the Cantons

Judicial Police FBiH

The competences and organization are regulated by law



The Republika Srpska

Schematic overview of levels of governance in Bosnia and Herzegovina

The Republika Srpska is one of the two entities of Bosnia and Herzegovina and is competent for:

technology and constitutional order of RS - security and state of emergency - constitutionality and legality - human rights and freedoms - property, property relations and obligations - companies and economic relations - banking and tax system - economic, scientific, technical development - demographic and social development - agriculture and village - use of space - development policy and measures - commodity reserves - control of legal entities - statistics and collection of data of general interest - organization of administrative bodies and of public service system - work relations, safety at work, employment - social policy - health protection - system of education - cultural policy - physical culture and sports - protection of environment - public information - international cooperation - financing - other relations relevant for RS (Article 68 of the RS Constitution)

All State functions and powers shall belong to the Republic, with exception of those which were by the Constitution of Bosnia and Herzegovina explicitly transferred to its institutions

National Assembly

- 1) decides on the Constitution
- 2) enacts laws, other regulations and general enactments
- 3) development plan, urban plan, budget and annual balance sheet
- 4) territorial organization
- 5) calls for referendum in RS
- 6) public loan and contracting debts of RS
- 7) calls elections for Assembly deputies and for the President
- 8) elects, appoints and dismisses officials
- 9) events control over the work of the Government and other bodies
- 10) grants amnesty
- 11) carries out other activities in accordance with the Constitution and law
- 12) elects delegates from RS to the House of Peoples of the Parliamentary Assembly of BiH
- 13) ratifies agreements - declares state of emergency

Council of Peoples

- Acts of the National Assembly:
- Constitution
 - laws
 - spatial plans
 - budget
 - annual balance sheet of the budget
 - declarations
 - resolutions
 - recommendations
 - decisions
 - conclusions
 - authentic interpretations

President of RS

- 1) represents the Republic
- 2) proposes a candidate for the Prime Minister
- 3) proposes candidates for the president and judges of the Constitutional Court
- 4) promulgates laws by decree
- 5) grants pardons
- 6) decorations and awards
- 7) performs other tasks in accordance with the Constitution;
- in accordance with the Constitution of BiH and law, performs tasks related to safety and international relations
- appoints heads of missions of RS in foreign countries, and nominates ambassadors and other representatives of BiH from RS
- forms advisory bodies falling within his competence
- requests that the Government present its positions on certain issues of importance for RS and may convene a session of the Government and put on the agenda issues falling under its competence

Viso-Presidents

Two vice-presidents replace the President and are performing entrusted tasks

Senato

The advisory body of the highest institutions of RS

- Acts of the President of RS:
- decisions on promulgation of laws
 - decrees with the force of law (state of emergency)
 - decisions (heads of representation offices)
 - decisions (on pardons, appointments)
 - administrative decisions

Government of RS

- 1) proposes laws, other regulations and general enactments
- 2) proposes the development plan, urban plan, budget and the annual balance sheet
- 3) ensures implementation and enforcement of laws, other regulations and general enactments
- 4) passes decrees, decisions and other enactments necessary for the enforcement of law
- 5) gives opinion on drafts of law, other regulations and general enactments submitted to the National Assembly by another proposer
- 6) defines principles of internal organization of ministries and other administrative bodies and organizations, appoints and recalls officials at ministries, other bodies and administrative organizations
- 7) guides and co-ordinates the work of ministries and other bodies and administrative organizations and annuls or cancels their enactments which are in contravention of law or some other regulation
- 8) carries out other tasks in accordance with the Constitution and law;
- the Government decides on establishment of RS missions abroad

General Secretariat of the Government

Ministries and RS administration are independent in exercising their competences prescribed by the Constitution and law and implement laws and other regulations and general enactments of the National Assembly, the Government and the President, decide in administrative matters, carry out supervision and other administrative tasks prescribed by the law (monitoring, policy management, normative activities, public services management, technical tasks). The establishment and competences are regulated by law and certain tasks can be entrusted to local governments, public enterprises, public institutions and other organizations. The Ministries, Republika Srpska Administrations and Republika Srpska administrative organizations legislate only when specifically authorized to do so by law or a Government regulation.

- rulebooks - orders - directions

The Constitutional Court of RS

- decides on:
- 1) conformity of laws, other regulations and general acts with the Constitution
 - 2) conformity of regulations and general enactments with the law
 - 3) conflict of jurisdiction between bodies of legislative, executive and judicial branch
 - 4) conflict of jurisdiction between RS, city and municipality
 - 5) conformity of programmes, statutes and other general enactments of political organizations with the Constitution and the law
- monitors, gives opinions and proposals for adopting laws for the purpose of ensuring constitutionality, legality and protection of freedoms and rights
 - decides on the compliance of laws, other regulations and enactments of the National Assembly with the provisions of the Constitution on the protection of vital interests of the constituent peoples
 - decides on issues concerning immunity
- Acts of the Constitutional Court:
- decisions
 - rulings

The Supreme Court of RS

Ensures a uniform enforcement of law

Municipality and City

- In accordance with the Constitution and law, municipality:
1. enacts a development program, urban planning, budget and annual balance sheet
 2. regulates and provides performance of communal activities
 3. regulates the use of urban construction sites and business premises
 4. takes care of construction, maintenance and use of local roads, streets and other public facilities of importance to the municipality
 5. needs of citizens in the areas of culture, education, health and social welfare, physical culture, public information, handicrafts, tourism and catering services, environment protection and other areas
 6. executes laws, other regulations and general enactments of the RS whose execution is entrusted to the municipality, provide for the execution of regulations and general enactments of the municipality
 7. establishes and regulates agencies, organizations and services to meet the needs of the municipality
 8. perform other tasks as established by the Constitution, the law and the statute of the municipality

The system of local self-government and territorial organization are regulated by law, as well as revenues and delegated tasks

Acts of bodies of local self-government (Municipal Assembly, Mayor, Administrative Service) (decisions and other general enactments are published in the Official Gazette):

- statute
- rules of procedure
- decisions
- rulebook
- orders
- rulings
- directions
- conclusions
- recommendations
- resolutions

Other important institutions and bodies (regulated by law or special regulations)

- Agency for Intermediary, IT and Financial Services, Inc. Banja Luka
- Agency for Management of Seized Assets
- Agency for Peaceful Settlement of Disputes
- Bar Association of RS
- Biostroyinvest RS, mixed holding, parent company, Inc. Trebinje
- Fund for Professional Rehabilitation and Employment of Disabled Persons
- Radio-Television of Republika Srpska
- RS Agency and the Council for Traffic Safety
- RS Agency for Accreditation and Health Care Quality Improvement
- RS Banking Agency
- RS Centre for Securities Registry; joint-stock company, Banja Luka
- RS Chamber of Commerce
- RS Civil Administration Appeals Board
- RS Commission for Conciliations
- RS Commission for Investigation of Conflict of interests
- RS Economic and Social Council
- RS Employment Bureau
- RS Environment Protection Fund
- RS Fund for Pension and Disability Insurance
- RS Gender Centre
- RS Government Service for Joint Affairs
- RS Guarantee Fund, Inc. Banja Luka
- RS Head Office for Public Sector Auditing
- RS Health Insurance Fund
- RS Insurance Agency
- RS Investment-Development Bank, Inc. Banja Luka (Development and Employment Fund, Fund for Development of the Eastern Part of RS, Housing Fund, Shares Fund, Restriction Fund, Real Estate and Claims Fund)
- RS Judicial and Prosecutorial Training Centre, public institution
- RS History Chamber
- RS Ombudsman for Children
- RS Postal Services, Inc. Banja Luka
- RS Public Attorney's Office
- RS Public Fund for Child Protection
- RS Public Health Institute, public institution
- RS Railways, Railways Company
- RS Regulatory Commission for Energy
- RS Securities Commission

Ministries

1. Ministry of Administration and Local Self-Governance
2. Agency for Management of Seized Assets
3. Ministry of Finance
4. Ministry of Education and Culture
5. Ministry of Internal Affairs
6. Ministry of Health and Social Welfare
7. Ministry of Family, Youth and Sports
8. Ministry of Industry, Energy and Mining
9. Ministry of Trade and Tourism
10. Ministry of Labour and Protection of Veterans and Disabled Persons
11. Ministry of Transport and Communications
12. Ministry of Science and Technology
13. Ministry of Agriculture, Forestry and Water Management
14. Ministry of Spatial Planning, Civil Engineering and Ecology
15. Ministry of Refugees and Displaced Persons
16. Ministry of Economic Relations and Regional Cooperation

The RS Administrations

1. RS Administration for Geodetic and Property Affairs
2. RS Tax Administration
3. RS Administration for Inspection Activities
4. RS Administration for Civil Protection
5. RS Foreign Exchange Inspectorate
6. RS Administration for Games of Chance

The RS Administrative Organisations

1. RS Legislation Secretariat
2. RS Civil Service Agency
3. Water Agency for Sava River District
4. Water Agency for Trepšnjica River District
5. Forestry Agency
6. Agency for Agricultural Payments
7. Agency for Provision of Professional Services in Agriculture
8. Agency for Breeding and Selection in Livestock Farming
9. RS Secretariat for Religions
10. RS Statistics Institute
11. RS Educational Research Institute
12. RS Standardisation and Metrology Institute
13. RS Centre for War Crime Research
14. RS Directorate for Commodity Reserves
15. RS Directorate for Production and Trade of Armaments and Military Equipment
16. RS Directorate for Civil Aviation
17. RS Directorate for Reconstruction and Civil Engineering
18. RS Institute for Protection of Cultural, Historical and Natural Heritage
19. RS Hydrometeorology Institute
20. RS Archives
21. RS Institute for Spatial Planning
22. RS Institute for Construction
23. RS Institute for Geological Survey
24. RS Centre for Provision of Free Legal Aid
25. Adult Education Institute

Courts of RS

Judicial branch of the government, autonomous and independent, adjudicate on the basis of the Constitution and laws; the establishment, jurisdiction and procedures are specified by law; Basic and District courts, District commercial courts and The Higher Commercial Court

Court police of RS

Regulated by law; the President of the Supreme Court manages the court police and is responsible for lawful management

Public Prosecutor's Office

An independent body, performs its function on the basis of the Constitution and law; the establishment, organization and jurisdiction are regulated by the law; The Republika Srpska Prosecutor and District Prosecutors' Offices

Special Prosecutor's Office for Suppression of Organized Crime and Most Serious Cases of Economic Crimes

Located in the District Prosecutor's Office in Banja Luka

Autonomous, independent legal aid service; organization and operation are regulated by law

The Brcko District of Bosnia and Herzegovina

A unit of local self-government with its own institutions, laws and regulations, and with powers and status definitively prescribed by the awards of the Arbitral Tribunal for the Dispute over the Inter-Entity Boundary in the area of Brcko

- under the sovereignty of BiH - subject to the responsibilities of the institutions of BiH - the territory of BD is jointly owned by (a condominium of) the Entities - the relationship between BD and the Institutions of BiH and the Entities may be further regulated by law adopted by the Parliamentary Assembly of BiH - the Constitutional Court of BiH has jurisdiction to decide in any dispute relating to the protection of status and powers of the BD that may arise between Entities, BD and BiH under the Constitution of BiH and the awards of the Arbitral Tribunal (Any such dispute may also be referred by a majority of the Councilors of BD Assembly, including at least one-fifth of the elected councilors from among each of the constituent peoples) (Amendment I to the BiH Constitution [Official Gazette of BiH, No. 25/09])

The Constitution of BiH, laws and decisions of the institutions of BiH are directly applicable throughout the territory of BD and the laws and decisions of BD must be in conformity with them; the competences of BD public authorities are: a) economy b) finances c) public property d) public services/infrastructure e) culture f) education g) health care h) environmental protection i) social welfare j) judiciary and legal services k) police l) housing issues m) urbanism and physical planning n) other competences necessary for the functioning of BD

Brcko District Assembly

Determines general policy for BD;

- adopts the statute and the rules of procedure
- adopts the budget
- adopts laws
- adopts decisions and resolutions
- decides on public loans and indebtedness
- elects and dismisses the Speaker and Deputy Speaker of BD Assembly and the Mayor, and gives its consent to the appointment of officials in accordance with relevant regulations
- controls the work of the Government and the entire administration of BD and manages BD revenues and expenditures
- evaluates the performance of the Mayor and other officials at least once a year
- reviews annual financial reports
- instigates procedure before the Constitutional Court of BiH
- performs other functions in accordance with this Statute and the law

General acts of BD Assembly:

- Statute
- rules of procedure
- laws of BD
- budget of BD
- decisions
- declarations
- resolutions
- recommendations and conclusions
- authentic interpretation of laws and other general acts of BD Assembly

The Brcko District Government

The BD Government consists of the Mayor, the Deputy Mayor, the Government Chief Coordinator and the Heads of Departments; it meets at least once a week; the Government members discuss all issues that fall within the BD Government's competencies and pass decisions by a simple or qualified majority of the present members of the BD Government; reports to the BD Assembly on all issues of public interest; submits work reports and work programmes

The Mayor

The Mayor is elected by the BD Assembly, organizes the departments of BD Government to cover all functions and powers of BD; the Mayor has no more than six (6) advisers; selects Deputy Mayor, the Government Chief Coordinator and Heads of Departments; presides over BD Government and schedules and chairs the sessions; the Mayor is accountable to the Assembly for implementing laws and orderly management and administration of BD; in accordance with the law, appoints, promotes and dismisses all public administration employees; submits draft laws and proposals to BD Assembly; proposes the budget and produces financial reports of BD; performs other duties in accordance with the Statute and the law;

Deputy Mayor (assists, represents and acts in the absence of the Mayor), Government Chief Coordinator (coordinates activities of multiple BD Government Departments, public administration bodies and other institutions and has competences in accordance with the law) and Heads of Departments (no more than twelve 12 Heads of Departments with executive authorities envisaged by

Public administration bodies within their competences: a) enforce laws and other regulations b) monitor the situation and propose measures in relevant areas c) decide in administrative matters d) perform administrative surveillance e) prepare regulations in relevant areas f) perform other activities determined by law

- Public Administration
- Departments of BD Government
 - Office of the Mayor
 - BD Finance Directorate
 - Office for Public Property Management
 - Office of the Coordinator for Brcko District in the Council of Ministers of BiH
 - other administrative bodies when provided by the law

In accordance with the Statute, law and other regulations adopt:

- general acts (normative legal acts)
- individual (administrative acts)
- substantive acts (administrative and technical actions)

Acts of the Mayor:

- decisions
- rulebooks
- organizational plan
- directions
- instructions
- orders

Acts of the BD Government:

- draft laws
- decisions
- rulebooks
- conclusions
- rules of procedure

Public Companies

The work of each public company is supervised by a Steering Board that is accountable to BD Assembly; Director of a public company is appointed by the Steering Board; certain competences of BD Government and public administration may be delegated to the public companies by law; public companies are independent from BD Government and the public administration

BD Finance Directorate

Competences are regulated by law; responsible for collection of all BD revenues, investment of BD funds, preparation of the proposed annual budget in accordance with instructions of the Mayor; reporting to BD Assembly on revenues and finances of BD

- Tax Administration collecting revenues
- The Treasury budget and expenditures

Office of the Mayor

Affairs of the Mayor, Deputy Mayor and the Chief Coordinator; public relations of the BD Government; administrative and technical tasks for the Government; legal affairs; the public administration reform; handling the appeals and complaints; inspection affairs; second instance administrative procedure, employment procedure in public administration bodies; legislation; European integration; principles, rules and ethical standards for public servants;

Office of the Mayor, Government Secretariat, Legislative Office, Inspection Services, Appellate Administration, Employment Board, Administrative Inspection

Other important institutions and bodies (established by law or special regulation)

- Agencies of BD
- Commission for Concessions of BD
- Economic Chamber of BD
- Employment Bureau of BD
- Guarantee Development Fund of BD
- Health Insurance Fund of BD
- Office for Audit of the Public Administration and Institutions of BD
- Securities Commission of BD (Central Registry of the Securities)

Police of the BD

Regulated by law; its employees are public servants; the Police has a Chief and one Deputy; the Chief is appointed by the Mayor with consent of the Assembly based on professional criteria; the cooperation with the police forces of BiH and Entities is regulated by BD law or based on agreement

Legal Aid Agency

An independent institution; providing legal advice and representation in criminal and civil matters to the BD residents of low income; the establishment, organization and competences are provided in the BD

Office of the Coordinator for Brcko District in the Council of Ministers of BiH

Represents the interests and institutions of the Mayor; the Office is headed by the Coordinator who is assisted by one or more Deputy Coordinators; functions of the Coordinator are regulated by law

Departments of the BD Government

- Department of Professional and Administrative Affairs
- Department of Physical Planning and Property Affairs
- Department of Economic Development, Sports and Culture
- Department of Public Affairs
- Department of Utilities
- Department of Health and Other Services
- Department of Education
- Department of Agriculture, Forestry and Water Management
- Department of Public Register
- Department for Displaced Persons, Refugees and Housing Issues
- Department of Public Safety

Office for Public Property Management

Responsible for management and disposal of public property situated in BD in accordance with the law; reports and is accountable to the Mayor; its status, functions and authorities are regulated by law

Heads of Departments, in exercising their competencies when provided by law, issue:

- decisions
- rulebooks

Brcko District Courts

Have jurisdiction to decide whether any law, regulation or other legal act of an institution of BD is in conformity with the Statute, as well as whether a regulation or another legal act of an institution of BD is in conformity with BD law; Decide on conflict of competencies in accordance with the Statute

Independent and impartial; Establishment, organization and jurisdiction of BD Courts are provided by law; Adjudication in accordance with the BiH Constitution, the awards of the Arbitral Tribunal, laws of BiH, the Statute and laws of BD

The Appellate Court

The Basic Court

Brcko District Prosecutor's Office

Independent from the judiciary and BD Police; its establishment, organization and competences are provided by law; prosecutes offenders in criminal proceedings and performs other functions impartially in accordance with the Constitution and laws of BiH, BD Statute and the Laws

Court of Public Opinion

Established and regulated by BD law; the President of the Judicial Commission is responsible for its management while the Chief of the Court Police is responsible for operative control and daily affairs

Judicial Commission

An independent body; its organization, composition and manner of operation are provided by BD law; it ensures the independence of BD Judiciary, the Legal Aid Agency, Public Attorney's Office and BD Prosecutor's Office; provides training; adopts and implements the Code of Ethics, and conducts disciplinary proceedings against judges and prosecutors in BD; appoints and dismisses the Public Attorney and his or her deputies; appoints and dismisses administrative staff; drafts and submits laws that relate to organization and operation of BD Judiciary, and regulates practice of lawyers and notaries in the District; appoints and regulates the notary practice in the District; prepares and proposes budget to be allocated to BD Judiciary; other matters determined by BD law

FINANCIAL DECENTRALIZATION IN BOSNIA AND HERZEGOVINA

BiH Institutions

According to Article III of the Constitution of Bosnia and Herzegovina, the following tasks are under the jurisdiction of the institutions of Bosnia and Herzegovina:

- a) Foreign policy,
- b) Foreign trade policy,
- c) customs policy,
- d) monetary policy,**
- e) Financing of institutions and international obligations of Bosnia and Herzegovina,
- f) Policy and regulation of immigration, refugee and asylum issues,
- g) Implementation of international and inter-entity criminal law regulations, including relations with Interpol,
- h) Establishment and functioning of joint and international means of communication,
- i) Regulation of inter-entity transport,
- j) Air traffic control.

There are currently **75 budget beneficiaries** in Bosnia and Herzegovina, comprising various institutions such as ministries, agencies, regulatory bodies, and judicial institutions.

- The Law on Financing the Institutions of Bosnia and Herzegovina governs the preparation, adoption, execution, accounting, reporting, and supervision of the Budget of Bosnia and Herzegovina. This law designates the Parliamentary Assembly of Bosnia and Herzegovina as the authority responsible for determining the financial activities of budget beneficiaries, projecting revenues and expenses for one fiscal year, and establishing the upper limit of Bosnia and Herzegovina's debt.
- Budget beneficiaries encompass all institutions of Bosnia and Herzegovina, other bodies financed from the budget, as well as regulatory bodies.
- The Ministry of Finance and Treasury of Bosnia and Herzegovina holds responsibility for preparing the budget, executing it, financing budgetary institutions, coordinating activities to secure budget funds and public investments, and undertaking other related activities as per the Constitution and the law.

FINANCIAL DECENTRALIZATION IN BOSNIA AND HERZEGOVINA

BiH Institutions

Budget revenues

- Budget revenues for BiH institutions are planned according to the Global Framework of Fiscal Balance and Policies in Bosnia and Herzegovina 2023-2025.
- Tax revenue from the Single Account of the Indirect Taxation Authority amounts to 1,020,500,000 KM, serving as the primary revenue source within the Budget of BiH institutions for the year 2023.
- Non-tax revenues contribute an additional 152,118,000 KM, while transfers from other levels of government amount to 692,000 KM, supporting the financing of BiH institutions.
- Financing and receipts include a surplus of funds transferred from previous years, totaling 141,100,000 BAM, along with receipts from the sale of fixed assets amounting to 990,000 BAM.
- Revenues of the Budget of BiH institutions and BiH's international obligations also encompass revenues allocated to finance public debt, totaling 1,245,966,362 BAM, aimed at settling obligations of BiH institutions, entities, and the Brčko District.



Expenses according to COFOG classification Institutions of Bosnia and Herzegovina



FINANCIAL DECENTRALIZATION IN BOSNIA AND HERZEGOVINA

Entity level, cantonal level and municipal/ city

Federation of BiH

7,47
billion KM

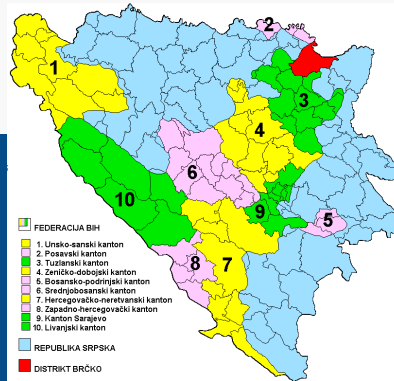
Republic of Srpska

5,74
billion KM

Brčko District

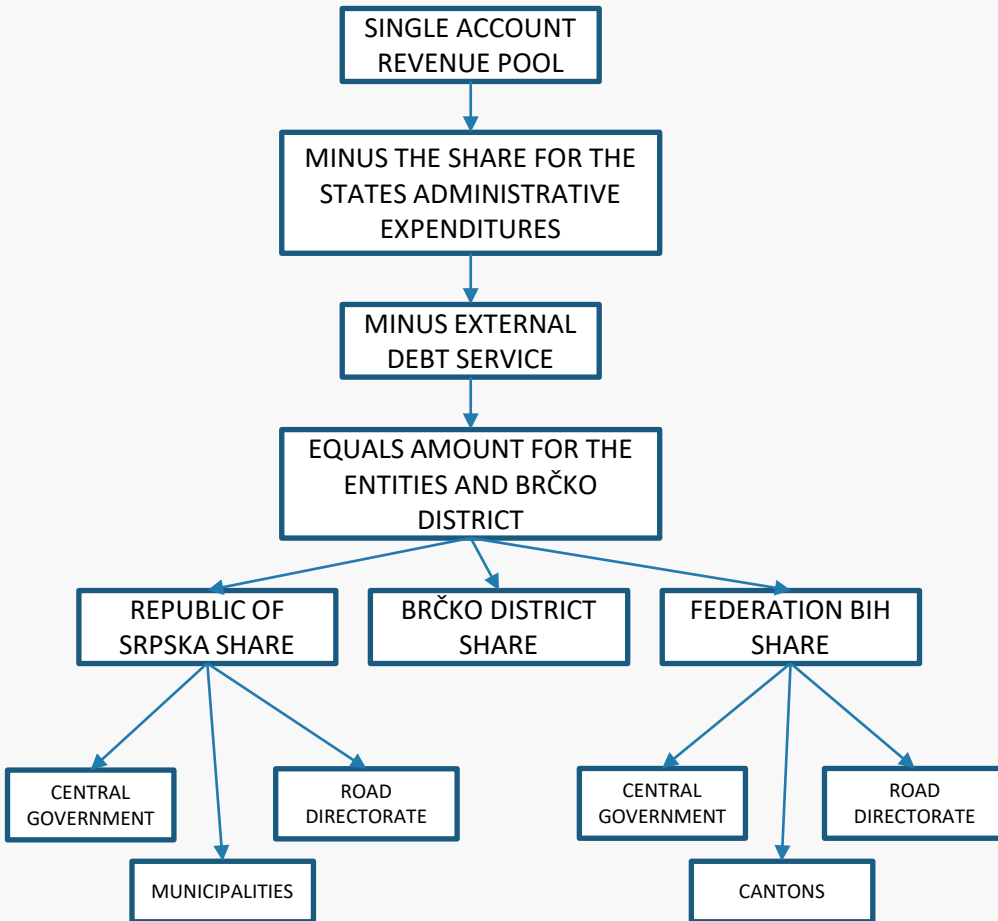
0,40
billion KM

Each entity and canton, along with municipalities and cities, has its own budget formed based on tax revenues, donations, and other sources of income. These local budgets enable local authorities to plan and implement projects and programs that address the needs of their communities.



Local authorities have significant autonomy in managing their budgets and resources. This autonomy enables local governments to adjust their budgetary priorities and development strategies according to the specific needs and circumstances of their community.

DISTRIBUTION OF REVENUES



- At the level of Bosnia and Herzegovina, only indirect taxes are collected, the collection of which accumulates into a single account and is later distributed proportionally to the entities. The Indirect Taxation Authority, in addition to collecting value-added tax (VAT), is also responsible for customs duties, tolls, and excise taxes. Indirect taxes are deposited into the direct account of the Indirect Taxation Authority, with indications of the municipality, canton, and entity codes. Based on this, percentages for the allocation of funds to entities are later determined, and entities further distribute them to cantons or municipalities.
- All other taxes, fees, and charges are collected and legally defined at the level of the Republika Srpska entity, the Federation of Bosnia and Herzegovina entity, and the Brčko District of Bosnia and Herzegovina. Furthermore, within the entities, authorities are delegated to the local self-government level – municipalities, cantons, and municipalities in the Federation of Bosnia and Herzegovina.

Fiscal Council



- A Fiscal Council was created in 2008, with the objective to coordinate fiscal policies for the sake of common interest of BH Institutions, Entities and Brcko District. For the most important role of fiscal coordination—preparing the Global Framework of the Fiscal Balance and Policy—in practice the Fiscal Council decides on revenues from indirect taxation and the budget of BiH Institutions, thereby creating preconditions for budget planning at lower level of governments, which are responsible for over 90% of public expenditures.
- Given that key government functions (social policy, subsidies, education, etc), are performed at sub-national level, timely decision making on BiH Institutions' revenues from indirect taxes is important in enabling timely implementation of their respective budgets.
- Fiscal targets: The Global Framework of Fiscal Balance and Policies should set medium-term fiscal targets each year; however, the only fiscal goal they note is that the primary deficit and total public consumption should be reduced; while concerning debt they quote the annual ceilings for indebtedness of the budgets of institutions of: BiH, FBiH, RS, and DB, and in compliance with legal limits

FISCAL FRAMEWORK

Total public expenditures in Bosnia and Herzegovina for the period 2022-2026
(in millions of KM)

Expenditures	2022.	2023.	2024.	2025.	2026.
Institutions of BiH	1.014,7	1.299,0	1.351,4	1.311,4	1.311,4
Federation of BiH	10.749,0	12.109,3	13.576,8	13.786,2	15.037,3
Republic of Srpska	6.081,8	6.940,4	7.357,1	7.644,0	7.867,8
Brčko District	284,7	312,6	385,4	300,4	314,4
Total expenditures (consolidated)	18.130,2	20.661,4	22.670,7	23.042,0	25.530,9
GDP	45.518,0	48.462,0	51.170,0	53.956,0	56.932,0
Total in GDP	39,8%	42,6%	44,3%	42,7%	43,1%

BUDGET PREPARATION



Budget planning procedures and calendars are broadly similar at all four levels: mediumterm expenditure frameworks (MTEFs) are prepared each year and adopted in early summer, serving as a predraft of annual budgets, which are prepared in the fall and adopted by the parliaments by year-end.

At all levels, budgets include economic and organizational classifications, while budget requests also include program formats. Only at the State level is program budgeting information, including program performance measures, a part of the budget documentation that accompanies the annual budget law in the adoption procedure.

Thank you for your attention!



⌚ 11.30 – 12:00

Group Family Photo,
Coffee and Networking Brake

We Back in 30 Minutes