

|

TABLE OF CONTENTS

Contents

PART 1: OBJECTIVES AND COHERENCE OF THE REFORM AGENDA	12
1 MAIN CHALLENGES (PROBLEM ANALYSIS)	12
2 OBJECTIVES OF THE REFORM AGENDA	15
SPECIFIC OBJECTIVES	16
SPECIFIC OBJECTIVE 3(2)A	17
SPECIFIC OBJECTIVE 3(2)(J)	17
SPECIFIC OBJECTIVE 3(2)(K)	18
SPECIFIC OBJECTIVE 3(2)(M)	18
SPECIFIC OBJECTIVE 3(2)(F)	19
SPECIFIC OBJECTIVE 3(2)(G)	19
SPECIFIC OBJECTIVE 3(2)(H)	19
SPECIFIC OBJECTIVE 3(2)(I)	19
SPECIFIC OBJECTIVE 3(2)(L)	20
3 CONSISTENCY WITH THE OVERALL POLICY FRAMEWORK (INCLUDING THE ECONOMIC REFORM PROGRAMME, THE JOINT POLICY GUIDANCE AND THE ENLARGEMENT POLICY FRAMEWORK)	20
4 KEY POLICY PRIORITIES	23
FUNDAMENTAL SECTORS	24
GREEN TRANSITION	24
DIGITAL TRANSFORMATION AND DIGITAL SECURITY ISSUES	25
EDUCATION, TRAINING, EMPLOYMENT AND SOCIAL OBJECTIVES	25
PRIVATE SECTOR DEVELOPMENT AND BUSINESS ENVIRONMENT	27
‘DO NO SIGNIFICANT HARM’ PRINCIPLE	27
5 MAINSTREAMING	28
PART 2: DESCRIPTION OF POLICY AREAS AND RELATED REFORMS	30
1 POLICY AREA 1: GREEN AND DIGITAL TRANSITION	30
COMPONENT 1.1. SECURE AND SUSTAINABLE DIGITAL INFRASTRUCTURE	30
REFORM 1.1.1. ENABLE SECURE BROADBAND, INCLUDING 5G ROLL-OUT	30
COMPONENT 1.2. – DIGITALIZATION OF PUBLIC SERVICES	33
REFORM 1.2.1. DEVELOP AN E-GOVERNANCE FRAMEWORK	33
COMPONENT 1.3. CYBERSECURITY	37
REFORM 1.3.1. SET UP A COMPREHENSIVE FRAMEWORK FOR CYBER RESILIENCE (INTRODUCING REQUIREMENTS OF NIS2 DIRECTIVE AND STRENGTHENING RELEVANT INSTITUTIONS AT ALL LEVELS OF GOVERNMENT)	37
COMPONENT 1.4. MARKET REFORMS	40
REFORM 1.4.1. – FULL IMPLEMENTATION OF THE 3RD ENERGY PACKAGE FOR ELECTRICITY AND GAS AND THE ELECTRICITY INTEGRATION PACKAGE, INCLUDING APPOINTMENT OF NEMO, UNBUNDLING, GRADUAL TARIFF ADJUSTMENT AND MARKET COUPLING	40
COMPONENT – 1.5. DECARBONISATION POLICY AND ETS ADOPTION	44
REFORM 1.5.1. – IMPLEMENTATION OF THE NECP AND OTHER RELATED STRATEGIC DOCUMENTS (ROADMAP FOR JUST TRANSITION IN COAL REGIONS)	44

REFORM 1.5.2. – WORK ON CARBON PRICING WITH THE AIM OF HAVING AN ETS IN PLACE BY 2030, IMPLEMENT CLIMATE LEGISLATION ALIGNED WITH EU CLIMATE LAW, INCLUDING COMMITMENTS TO CLIMATE NEUTRALITY	46
COMPONENT 1.6. RENEWABLES DEPLOYMENT	47
REFORM 1.6.1 IMPLEMENTATION OF THE RENEWABLE ENERGY DIRECTIVE, INCLUDING USE OF TRANSPARENT AND COMPETITIVE PROCEDURES FOR DEPLOYMENT OF RENEWABLE ENERGY, PERMITTING, GUARANTEES OF ORIGIN AND FIRST RES AUCTION	48
SECTOR – 1.7. ENERGY EFFICIENCY AND AIR POLLUTION REFORMS	50
REFORM 1.7.1 FULL IMPLEMENTATION OF THE EED, EPBD, ECO-DESIGN AND ENERGY LABELLING LEGISLATION	50
<u>2 POLICY AREA 2: PRIVATE SECTOR DEVELOPMENT AND BUSINESS ENVIRONMENT.....</u>	<u>55</u>
COMPONENT 2.1. – BUSINESS ENVIRONMENT	55
REFORM 2.1.1. –STRENGTHEN GOVERNANCE AND MANAGEMENT AND INCREASE THE EFFICIENCY AND TRANSPARENCY OF PUBLIC ENTERPRISES, INCLUDING POES	56
REFORM 2.1.2. –SIMPLIFY AND HARMONISE REQUIREMENTS TO REGISTER AND OPERATE COUNTRY-WIDE	61
REFORM 2.1.3. –FACILITATE FREE MOVEMENT OF GOODS AND SERVICES THROUGH REDUCED FORMALITIES, HARMONISATION OF REGULATORY FRAMEWORK AND MUTUAL RECOGNITION OF PROFESSIONAL QUALIFICATIONS	63
REFORM 2.1.4. –SIMPLIFY PROCESSES TO FACILITATE AN ENABLING BUSINESS ENVIRONMENT	68
REFORM 2.1.5. – 2.1.5 DEPLOYMENT OF E-FREIGHT AND INTELLIGENT TRANSPORT SYSTEMS	73
COMPONENT – 2.2. ACCESS TO FINANCE	76
REFORM 2.2.1. –PUT IN PLACE A SYSTEM TO FINANCIALLY SUPPORT INNOVATIVE STARTUPS AND MSMES	76
<u>3 POLICY AREA 3: HUMAN CAPITAL DEVELOPMENT AND RETENTION.....</u>	<u>79</u>
COMPONENT – 3.1 EDUCATION	79
REFORM – 3.1.1 INCREASE SHARE OF CHILDREN ENROLLED IN EARLY CHILDHOOD EDUCATION AND CARE SERVICES COUNTRY-WIDE	79
REFORM 3.1.2 INCREASE QUALITY OF PRIMARY AND SECONDARY EDUCATION COUNTRY-WIDE, INCLUDING BY ALIGNING CORE CURRICULA WITH LABOUR MARKET NEEDS	84
REFORM 3.1.3 IMPROVE THE LINK BETWEEN VET AND PRIVATE SECTOR AND DECREASE THE SKILLS MISMATCH	88
COMPONENT 2 – LABOUR MARKET.....	93
REFORM 3.2.1 INCREASE ACCESS TO DECENT WORK THROUGHOUT THE COUNTRY, INCLUDING THROUGH PILOTING AND FULL ROLL-OUT OF THE YOUTH GUARANTEE.....	93
COMPONENT 3 – SOCIAL PROTECTION SYSTEM	108
REFORM 3.3.1 HARMONISE PARENTAL LEAVE RIGHTS COUNTRY-WIDE AND IMPLEMENT THE SOCIAL CARD.	108
<u>4 POLICY AREA 4: FUNDAMENTALS</u>	<u>116</u>
COMPONENT 4.1. DEMOCRACY.....	116
<i>REFORM 4.1.1. COORDINATION IN THE EU MATTERS AND DEMOCRATIC INSTITUTIONS</i>	<i>116</i>
COMPONENT 4.2. JUDICIARY	118
<i>REFORM 4.2.1. FUNCTIONING OF THE JUDICIARY.....</i>	<i>118</i>
COMPONENT 4.3. FIGHT AGAINST CORRUPTION.....	121
<i>REFORM 4.3.1. FIGHT AGAINST CORRUPTION</i>	<i>121</i>
COMPONENT 4.4. FIGHT AGAINST ORGANIZED CRIME.....	126
<i>REFORM 4.4.1. STRENGTHEN THE FIGHT AGAINST ORGANISED CRIME BY IMPROVING INSTITUTIONAL COOPERATION AMONG LAW ENFORCEMENT AGENCIES AND WITH PROSECUTORS’ OFFICES AND COURTS; ESTABLISHING SPECIALISED MULTI-AGENCY INVESTIGATION TEAMS FOR COMPLEX CASES; AND IMPLEMENTING STRATEGIC, INTELLIGENCE-LED APPROACH TO FIGHTING ORGANISED CRIME, LEADING TO INCREASE IN CONVICTIONS.....</i>	<i>126</i>
COMPONENT 4.4. FUNDAMENTAL RIGHTS.....	128
<i>REFORM 4.5.1. FUNDAMNETAL RIGHTS.....</i>	<i>128</i>
<u>5 GENERAL CONDITIONS FOR PAYMENTS (FOR ALL POLICY AREAS)</u>	<u>130</u>
MACROECONOMIC STABILITY.....	130
PUBLIC FINANCE MANAGEMENT	131
PAYMENT SCHEDULE.....	133
<u>PART 3: COMPLEMENTARITY AND IMPLEMENTATION OF THE REFORM AGENDA</u>	<u>134</u>

<u>1</u>	<u>COMPLEMENTARITY WITH IPA III</u>	<u>134</u>
<u>2</u>	<u>INVESTMENTS UNDER WESTERN BALKANS INVESTMENT FRAMEWORK (WBIF)</u>	<u>135</u>
<u>3</u>	<u>CONSULTATION</u>	<u>148</u>
<u>4</u>	<u>MONITORING, REPORTING, EVALUATION</u>	<u>148</u>
	MONITORING COMMITTEE	148
	THE SECRETARIAT OF THE MC.....	149
	THE COORDINATOR	149
	THE LINE MINISTRIES	149
	MONITORING AND REPORTING	149
	STEPS.....	150
	ACTIONS.....	151
	DATABASE.....	151
	REPORTING	153
	REPORTING TOWARDS COORDINATOR.....	153
	THE SYSTEM.....	154
	REPORTING TOWARDS COMMISSION	155
	REQUEST FOR THE RELEASE OF FUNDS.....	155
	REPORTING TO THE COMMISSION	155
	REQUEST FOR THE RELEASE OF FUNDS (RRF)	155
	ANNUAL REPORT.....	155
	EVALUATION.....	155
<u>5</u>	<u>CONTROL AND AUDIT</u>	<u>156</u>
<u>6</u>	<u>COMMUNICATION</u>	<u>158</u>
<u>7</u>	<u>ANNEXES</u>	<u>160</u>
	ANNEX 1: STEPS AND PAYMENT CONDITIONS BY POLICY AREA.....	160
	ANNEX 2 – COMMENTS RECEIVED DURING THE CONSULTATION PROCESS	160
	ANNEX 3 – MONITORING DATABASE	160

LIST OF FIGURES

FIGURE 1: WB DESI INDEX 2022 (SOURCE: WESTERN BALKANS DIGITAL ECONOMY SOCIETY INDEX • WB DESI 2022 REPORT)	12
FIGURE 2: DOING BUSINESS INDEX, WB, 2019.....	13
FIGURE 1: STRUCTURE OF THE DATABASE AND RELATIONSHIPS BETWEEN TABLES WITH APPLICABLE DATA	151
FIGURE 2: TABLE A5 - ACTIONS	152
FIGURE 3: TABLE A6 - QUANTITATIVE STEPS.....	152
FIGURE 4: REPORTING TABLE FOR THE ACTIONS.....	153
FIGURE 5: REPORTING TABLE FOR QUANTITATIVE STEPS	153
FIGURE 6: TABLE M1.....	153

LIST OF TABLES

TABLE 1: LIST OF PRIORITY AREAS AND SPECIFIC OBJECTIVES.....	16
TABLE 2: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(A)	17
TABLE 3: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(I)	17

TABLE 4: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(K)	18
TABLE 5: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(M)	18
TABLE 6: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(F).....	19
TABLE 7: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(G)	19
TABLE 8: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(H)	19
TABLE 9: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(I)	20
TABLE 10: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(L).....	20
TABLE 11: STEPS WITHIN REFORM 1.1.1.	30
TABLE 12: ACTIVITIES WITHIN STEP 1.1.1.1.	31
TABLE 13: ACTIVITIES WITHIN STEP 1.1.1.2.	31
TABLE 14: ACTIVITIES WITHIN STEP 1.1.1.3.	32
TABLE 15: ACTIVITIES WITHIN STEP 1.1.1.4.	33
TABLE 16: STEPS WITHIN REFORM 1.2.1.....	34
TABLE 17: ACTIVITIES WITHIN STEP 1.2.1.1.	34
TABLE 18: ACTIVITIES WITHIN STEP 1.2.1.2.	35
TABLE 19: ACTIVITIES WITHIN STEP 1.2.1.3.	35
TABLE 20: ACTIVITIES WITHIN STEP 1.2.1.4.	36
TABLE 21: ACTIVITIES WITHIN STEP 1.2.1.5.	36
TABLE 22: STEPS WITHIN REFORM 1.3.1.	37
TABLE 23: ACTIVITIES WITHIN STEP 1.3.1.1.	38
TABLE 24: ACTIVITIES WITHIN STEP 1.3.1.2.	38
TABLE 25: ACTIVITIES WITHIN STEP 1.3.1.3.	39
TABLE 26: ACTIVITIES WITHIN STEP 1.3.1.4.	39
TABLE 27: ACTIVITIES WITHIN STEP 1.3.1.5.	40
TABLE 28: STEPS WITHIN REFORM 1.4.1.	41
TABLE 29: ACTIVITIES WITHIN STEP 1.4.1.1.	42
TABLE 30: ACTIVITIES WITHIN STEP 1.4.1.2.	42
TABLE 31: ACTIVITIES WITHIN STEP 1.4.1.3.	42
TABLE 32: ACTIVITIES WITHIN STEP 1.4.1.4.	43
TABLE 33: ACTIVITIES WITHIN STEP 1.4.1.5.	43
TABLE 34: ACTIVITIES WITHIN STEP 1.4.1.6.	43
TABLE 35: STEPS WITHIN REFORM 1.5.1.	45
TABLE 36: ACTIVITIES WITHIN STEP 1.5.1.1.	45
TABLE 37: ACTIVITIES WITHIN STEP 1.5.1.2.	45
TABLE 38: STEPS WITHIN REFORM 1.5.2.	46
TABLE 39: ACTIVITIES WITHIN STEP 1.5.2.1.	46
TABLE 40: ACTIVITIES WITHIN STEP 1.5.2.2.	47
TABLE 41: STEPS WITHIN REFORM 1.6.1.	48
TABLE 42: ACTIVITIES WITHIN STEP 1.6.1.1.	49
TABLE 43: ACTIVITIES WITHIN STEP 1.6.1.2.	49
TABLE 44: ACTIVITIES WITHIN STEP 1.6.1.3.	50
TABLE 45: ACTIVITIES WITHIN STEP 1.6.1.4.	50
TABLE 46: STEPS WITHIN THE REFORM 1.7.1.....	51
TABLE 47: ACTIVITIES WITHIN STEP 1.7.1.1.	52
TABLE 48: ACTIVITIES WITHIN STEP 1.7.1.2.	53
TABLE 49: ACTIVITIES WITHIN STEP 1.7.1.3.	53
TABLE 50: ACTIVITIES WITHIN STEP 1.7.1.4.	53
TABLE 51: ACTIVITIES WITHIN STEP 1.7.1.5.	54
TABLE 52: ACTIVITIES WITHIN STEP 1.7.1.6.	55
TABLE 53: STEPS WITHIN THE REFORM 2.1.1.....	57
TABLE 54: ACTIVITIES WITHIN STEP 2.1.1.1.	58
TABLE 55: ACTIVITIES WITHIN STEP 2.1.1.2.	58
TABLE 56: ACTIVITIES WITHIN STEP 2.1.1.3.	58
TABLE 57: ACTIVITIES WITHIN STEP 2.1.1.4.	59
TABLE 58: ACTIVITIES WITHIN STEP 2.1.1.5.	59

TABLE 59: ACTIVITIES WITHIN STEP 2.1.1.6	60
TABLE 60: ACTIVITIES WITHIN STEP 2.1.1.7	60
TABLE 61: STEPS WITHIN THE REFORM 2.1.2.	62
TABLE 62: ACTIVITIES WITHIN STEP 2.1.2.2	62
TABLE 63: ACTIVITIES WITHIN STEP 2.1.2.3	63
TABLE 64: ACTIVITIES WITHIN STEP 2.1.2.4	63
TABLE 65: STEPS WITHIN THE REFORM 2.1.3.	65
TABLE 66: ACTIVITIES WITHIN STEP 2.1.3.1	66
TABLE 67: ACTIVITIES WITHIN STEP 2.1.3.2	66
TABLE 68: ACTIVITIES WITHIN STEP 2.1.3.3	67
TABLE 69: ACTIVITIES WITHIN STEP 2.1.3.4	67
TABLE 70: ACTIVITIES WITHIN STEP 2.1.3.5	68
TABLE 71: STEPS WITHIN THE REFORM 2.1.4.	69
TABLE 72: ACTIVITIES WITHIN STEP 2.1.4.1	70
TABLE 73: ACTIVITIES WITHIN STEP 2.1.4.2	70
TABLE 74: ACTIVITIES WITHIN STEP 2.1.4.3	71
TABLE 75: ACTIVITIES WITHIN STEP 2.1.4.4	72
TABLE 76: ACTIVITIES WITHIN STEP 2.1.4.5	72
TABLE 77: STEPS WITHIN THE REFORM 2.1.5.	73
TABLE 78: ACTIVITIES WITHIN STEP 2.1.5.1	73
TABLE 79: ACTIVITIES WITHIN STEP 2.1.5.2	74
TABLE 80: ACTIVITIES WITHIN STEP 2.1.5.3	75
TABLE 81: ACTIVITIES WITHIN STEP 2.1.5.4	75
TABLE 82: ACTIVITIES WITHIN STEP 2.1.5.5	76
TABLE 83: STEPS WITHIN THE REFORM 2.2.1.	77
TABLE 84: ACTIVITIES WITHIN STEP 2.2.1.1	77
TABLE 85: ACTIVITIES WITHIN STEP 2.2.1.2	78
TABLE 86: ACTIVITIES WITHIN STEP 2.2.1.3	76
TABLE 87: STEPS WITHIN THE REFORM 3.1.1.	80
TABLE 88: ACTIVITIES WITHIN STEP 3.1.1.1	81
TABLE 89: ACTIVITIES WITHIN STEP 3.1.1.2	82
TABLE 90: ACTIVITIES WITHIN STEP 3.1.1.3	83
TABLE 91: STEPS WITHIN TH REFROM 3.1.2.	85
TABLE 92: ACTIVITIES WITHIN STEP 3.1.2.1	85
TABLE 93: ACTIVITIES WITHIN STEP 3.1.2.2	85
TABLE 94: ACTIVITIES WITHIN STEP 3.1.2.3	86
TABLE 95: ACTIVITIES WITHIN STEP 3.1.2.4	87
TABLE 96: ACTIVITIES WITHIN STEP 3.1.2.5	87
TABLE 97: STEPS WITHIN THE REFORM 3.1.3.	89
TABLE 98: ACTIVITIES WITHIN STEP 3.1.3.1	90
TABLE 99: ACTIVITIES WITHIN STEP 3.1.3.2	91
TABLE 100: ACTIVITIES WITHIN STEP 3.1.3.3	91
TABLE 101: ACTIVITIES WITHIN STEP 3.1.3.4	92
TABLE 102: STEPS WITHIN THE REFORM 3.2.1.	94
TABLE 103: ACTIVITIES WITHIN STEP 3.2.1.1	95
TABLE 104: ACTIVITIES WITHIN STEP 3.2.1.2	97
TABLE 105: ACTIVITIES WITHIN STEP 3.2.1.3	98
TABLE 106: ACTIVITIES WITHIN STEP 3.2.1.4	94
TABLE 107: ACTIVITIES WITHIN STEP 3.2.1.5	102
TABLE 108: ACTIVITIES WITHIN STEP 3.2.1.6	104
TABLE 109: ACTIVITIES WITHIN STEP 3.2.1.7	99
TABLE 110: ACTIVITIES WITHIN STEP 3.2.1.8	106
TABLE 111: ACTIVITIES WITHIN STEP 3.2.1.9	108
TABLE 112: STEPS WITHIN THE REFORM 3.3.1.	109
TABLE 113: ACTIVITIES WITHIN STEP 3.3.1.1	110

TABLE 114: ACTIVITIES WITHIN STEP 3.3.1.2.	112
TABLE 115: ACTIVITIES WITHIN STEP 3.3.1.3.	114
TABLE 116: STEPS WITHIN REFORM 4.1.1.	116
TABLE 117: ACTIVITIES WITHIN STEP 4.1.1.1.	117
TABLE 118: ACTIVITIES WITHIN STEP 4.1.1.2.	117
TABLE 119: ACTIVITIES WITHIN STEP 4.1.1.3.	118
TABLE 120: ACTIVITIES WITHIN STEP 4.1.1.4.	118
TABLE 121: STEPS WITHIN REFORM 4.2.1.	118
TABLE 122: ACTIVITIES WITHIN STEP 4.2.1.1.	119
TABLE 123: ACTIVITIES WITHIN STEP 4.2.1.2.	120
TABLE 124: ACTIVITIES WITHIN STEP 4.2.1.3.	120
TABLE 125: ACTIVITIES WITHIN STEP 4.2.1.4.	120
TABLE 126: ACTIVITIES WITHIN STEP 4.2.1.5.	121
TABLE 127: ACTIVITIES WITHIN STEP 4.2.1.6.	121
TABLE 128: STEPS WITHIN REFORM 4.3.1.	122
TABLE 129: ACTIVITIES WITHIN STEP 4.3.1.1.	123
TABLE 130: ACTIVITIES WITHIN STEP 4.3.1.2.	123
TABLE 131: ACTIVITIES WITHIN STEP 4.3.1.3.	124
TABLE 132: ACTIVITIES WITHIN STEP 4.3.1.4.	124
TABLE 133: ACTIVITIES WITHIN STEP 4.3.1.5.	124
TABLE 134: ACTIVITIES WITHIN STEP 4.3.1.6.	125
TABLE 135: ACTIVITIES WITHIN STEP 4.3.1.7.	125
TABLE 136: STEPS WITHIN REFORM 4.4.1.	126
TABLE 137: ACTIVITIES WITHIN STEP 4.4.1.1.	127
TABLE 138: ACTIVITIES WITHIN STEP 4.4.1.2.	127
TABLE 139: ACTIVITIES WITHIN STEP 4.4.1.3.	127
TABLE 140: ACTIVITIES WITHIN STEP 4.4.1.4.	128
TABLE 141: STEPS WITHIN REFORM 4.5.1.	128
TABLE 142: ACTIVITIES WITHIN STEP 4.5.1.1.	129
TABLE 143: ACTIVITIES WITHIN STEP 4.5.1.2.	129
TABLE 144: ACTIVITIES WITHIN STEP 4.5.1.3.	129
TABLE 145: ACTIVITIES WITHIN STEP 4.5.1.4.	130
TABLE 146: PROJECTS IDENTIFIED IN THE TRANSPORT SECTOR.....	135
TABLE 147: PROJECTS IDENTIFIED IN THE ENERGY SECTOR.....	129
TABLE 148 - EXAMPLE INDICATOR FICHE	150

LIST OF ACRONYMS

ACCRONYM	FULL NAME
ALMP	Active Labour Market Policies
AML	Anti-money Laundering
APOSO	Agency for Pre-primary, Primary and Secondary Education
BDA	Brčko District Assembly
BDBiH	Brčko District of BiH
BHAS	The Agency for Statistics of Bosnia and Herzegovina
BiH	Bosnia and Herzegovina
CC	Competition Council
CEFTA	Central European Free Trade Agreement
CFT	Combating the Financing of Terrorism
CoM BiH	Council of Ministers of Bosnia and Herzegovina
CRM	Common Regional Market
CSIRT	Computer Security Incident Response Team
DEP	Directorate for Economic Planning
DERK	State Electricity Regulatory Commission
EC	European Commission
eIDAS	Electronic Identification and Trust Services
ENQA	European Association for Quality Assurance in Higher Education
EPBD Regulation	Energy Performance Building Directive
ESG	Standards and Guidelines for Quality Assurance in the European Higher Education Area)
ETS	Emission Trading System
FBIH	Federation of Bosnia and Herzegovina
FMOLSP	Ministry of Labor and Social Policy F BiH
FMROI	Ministry of Displaced Persons and Refugees F BiH
FMIT	Ministry of Internal Affairs of F BiH
FMBI	Ministry for Issues of Combatants and Disabled veterans of the Defensive Liberation War F BiH
FMOH	Ministry of Health F BiH
FMON	Ministry of Education and Science F BiH
FMOJ	Ministry of Justice F BiH
FMOF	Ministry of Finance F BiH

FMODEC	Ministry of Development, Entrepreneurship and Crafts F BiH
FMKS	Ministry of Culture and Sports F BiH
FMT	Ministry of Commerce F BiH
FMPU	Ministry of Physical Planning F BiH
FMPVS	Ministry of Agriculture, Water Management and Forestry F BiH
FMOIT	Ministry of Environment and Tourism F BiH
FERC/FERK	Federal Electricity Regulatory Commission
FERC/FERK	Federal Ministry of Energy, Mining and Industry
FID	Financial Intelligence Department
GDBBIH	Government of Brčko District BiH
GFBiH	Government of the Federation of BiH
GRS	Government of Republika Srpska
GBD	Government of Brčko District
GS	General Secretariat
GSB	Government Service Bus
ILO	International Labour Organization
ITS	Intelligent transport systems
JC BD	Judiciary Commission Brčko District
LFS	Labor Force Survey
MEOIRS	Ministry of Economy and Entrepreneurship RS
MoJRS	Ministry of Justice RS
MoJ FBiH	Ministry of Justice Federation BiH
MoJ BiH	Ministry of Justice BiH
MoFRS	Ministry of Finance RS
MERRS	Ministry of Energy and Mining RS
MEOIRS	Ministry for European integration and International Cooperation RS
MPKRS	Ministry of Education and Culture RS
MZSZRS	Ministry of Health and Social Welfare RS
MUPRS	Ministry of Interior RS
MOFTER BiH	Ministry of Foreign Trade and Economic Relations BiH

MoSPCERS	Ministry of Spatial Planning, Construction and Ecology RS
MSTHE	Ministry of Scientific and Technological Development and Higher Education of RS
MULSRS	Ministry of Administration and Local-Self Government RS
MPBRS	Ministry of Labor, War Veterans and Disabled Peoples Protection RS
MPPRS	Ministry of Economy and Entrepreneurship RS
MSVRS	Ministry of Transport and Communications RS
MTTRS	Ministry of Trade and Tourism RS
MPOSRS	Ministry of Family, Youth and Sports RS
MRVA	Monitoring, Reporting, Verification and Accreditation
MSTDHE	Ministry of Scientific and Technological Development and Higher Education RS
MTC	Ministry of Transport and Communication of BiH
MTC FBiH	Ministry of Transport and Communication of Federation of BiH
MTC RS	Ministry of Transport and Communication of RS
NARS	National Assembly of Republika Srpska
NCTS	New Computerised Transit System
NECP	National Energy and Climate Plan
NEET	Not in employment, education, or training
NEMO	Nominated Electricity Market Operator
NIS2	Directive (EU) 2016/1148 (NIS 2 Directive)
NOSBiH/ISOBIH	Independent System Operator BiH
PABIH	Parliamentary Assembly of Bosnia and Herzegovina
PES	Public Employment Services
PFBiH	Parliament of Federation of Bosnia and Herzegovina
POE	Publicly Owned Enterprises
QA	Quality Assurance
RAK	Communications Regulatory Agency BiH
REERS/RERS	Regulatory Commission for Energy of RS
RS	Republika Srpska
SAA	Stabilization and Association Agreement
SEED	Systematic Exchange of Electronic Data
SIGMA/OECD	Support for Improvement in Governance and Management
SILC	The Survey on Income and Living Conditions
TEN-T	Trans-European Transport Network

TRANSCO	Transmission company of electric power of BiH
UINO	Indirect Taxation Authority of BiH
UN	United Nations
VET	Vocational Education and Training
WCO	World Customs Organization
YG	Youth Guarantee

PART 1: OBJECTIVES AND COHERENCE OF THE REFORM AGENDA

1 MAIN CHALLENGES (PROBLEM ANALYSIS)

Bosnia and Herzegovina opened negotiations for the EU membership on 21 March 2024 following candidacy status which was granted on 15 December 2022.

Since 2008, from the signature of the Stabilization and Association Agreement, BiH has made many efforts in the association process. However, given its complex structure and political situation the time needed for changes to take effect is quite prolonged.

As proposed by the European Commission, main challenges can be summarised in four key areas:

1. *Green and Digital Transition*
2. *Business Environment*
3. *Human Capital*
4. *Fundamentals and Rule of Law*

When it comes to digital transition, the EU has established a comprehensive framework of digital directives aiming to create a harmonized Digital Single Market. These directives address areas like cybersecurity, e-commerce, and data protection. BiH has made strides in aligning its legislation with some of these directives. For instance, the Law on Electronic Commerce (2010) echoes the EU's E-Commerce Directive. However, gaps remain in crucial areas like cybersecurity and data protection, hindering BiH's digital integration with the EU.

According to WB DESI 2022, BiH (DESI = 23,2) consistently ranks below the WB (DESI = 29,3) average yet alone the EU (DESI = 52,3) average on the DESI index. This reflects limitations in infrastructure, digital literacy, and the use of digital technologies across various sectors.

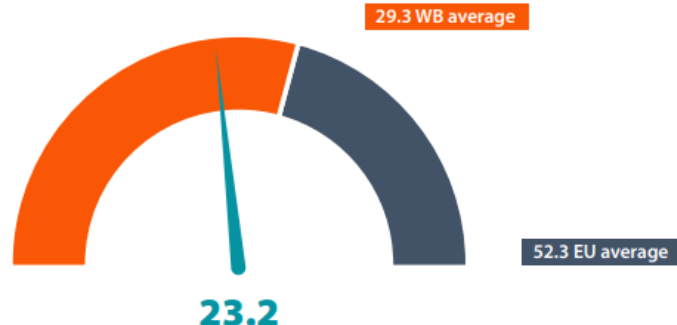


FIGURE 1: WB DESI INDEX 2022 (SOURCE: WESTERN BALKANS DIGITAL ECONOMY SOCIETY INDEX • WB DESI 2022 REPORT)

In the overall broadband connectivity, Bosnia and Herzegovina performs below the WB average with significant gaps in VHCN and FTTP coverage since the rollout of fibre networks has progressed slowly. More favourable situation is with NGA coverage of 61% of households due to higher coverage of xDSL technologies. On the take-up of broadband services, Bosnia and Herzegovina performs better with the overall penetration of fixed broadband services of 69% compared to WB average of 77%. However, take up of fixed broadband of at least 100Mbps is still modest (15% versus the WB average of 21%).

Therefore, the Reform Agenda addresses essential issues of digital transformation and digital infrastructure security, including the implementation of EU cybersecurity tools for 5G networks and EU electronic identity framework. The reform measures are projected to make a substantial contribution to digital transformation in BiH by addressing the difficulties that emerge from internal governmental organization while also assuring the security, resilience, and integrity of the digital infrastructure.

The transformation/transition of the energy sector, including the power sector in Bosnia and Herzegovina, began with the signing of the Treaty establishing Energy Community, ratified in 2006. With the ratification of the Treaty, BiH committed to gradually align with the EU rules and practices by transposing the relevant EU *acquis* in the areas of security of supply,

competition, environmental protection, energy infrastructure, energy efficiency and use of energy from renewable sources. Based on the Treaty establishing Energy Community, BiH has started the process aiming to be included in the internal market of the European Union. Market reforms aim to implement the measures defined by the Third EU Energy Package in the electricity and gas sectors, as well as to create a functional energy market well prepared to be integrated into the EU internal electricity market.

The development of the Emissions Trading System (ETS) is of primary importance for the decarbonization of the energy sector. It is expected that the ETS in BiH will affect the use of coal for electricity generation, requiring the implementation of measures to support the labour market through investment in training, specialization and retraining of employees, as well as the development of entrepreneurship in regions with coal production.

In BiH there is significant potential in renewable energy. Although the existing coal power plants are important for energy independence, many of them have reached the end of their production life, which additionally opens the opportunity for a transition to renewable energy. In addition to hydropower plants, BiH also has large and competitive solar and wind sectors. BiH plans to continue with activities to increase and diversify the share of renewable energy in overall energy consumption.

Achieving energy efficiency is one of the key priorities crucial for reducing energy consumption, lowering costs, and mitigating environmental impacts. Specific emphases will be given to the renovation of buildings.

According to the WB Ease of Doing Business ranking, BiH (90, 2019) is consistently performing below the WB6 (Albania = 82, 2019; Kosovo*¹ = 57, 2019; Serbia = 44, 2019; Montenegro = 50, 2019; North Macedonia = 17, 2019). Multi layer political structure with entities having some degree of economic autonomy can create inconsistencies in regulations and policies, making it difficult for businesses to operate nationwide.

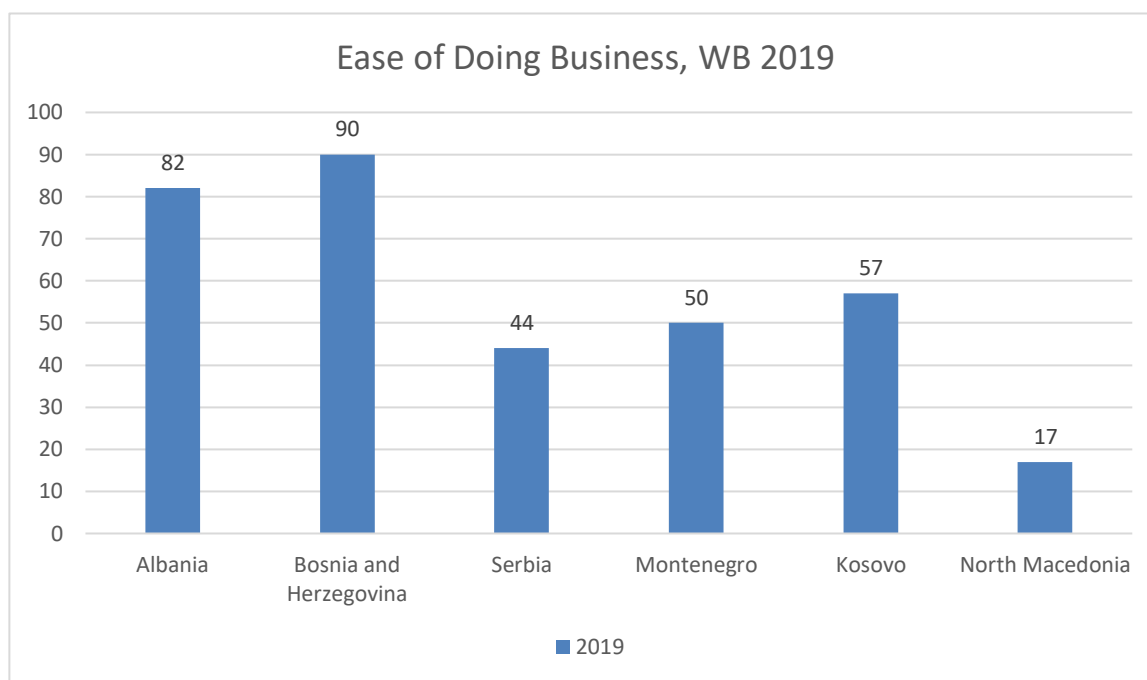


FIGURE 2: DOING BUSINESS INDEX, WB, 2019

Bosnia and Herzegovina (BiH) faces demographic challenges that threaten its long-term social and economic well-being. These problems can be observed in other countries as well and are related to the issues such as low fertility rate (2021 = 1,4, Source: WB), aging population, uneven population distribution and urbanization with creation of depopulated rural areas and by far the negative net migration which shows signs of slowing in the recent years.

When it comes to education system, early childhood education and care is not accessible to all children, particularly those from vulnerable families. The enrollment rate in preschool institutions in Bosnia and Herzegovina for children aged 3 to

¹ * This designation is without prejudice to positions on status and is in line with UNSCR 1244 and the ICJ opinion on Kosovo Declaration of Independence

6 is the lowest in Europe². There are significant disparities in access, with children from rural areas comprising approximately 0,5%, and children from families with unemployed parents representing only 2% of the total number of children attending preschool. In the realm of early childhood education and care in Bosnia and Herzegovina, a longstanding and prominent issue has been the low enrollment rates of children in such programs. However, there has been a noticeable shift for the better in this regard following the implementation of the Platform for the Development of Early Childhood Education and Care in Bosnia and Herzegovina for the period 2017-2022. According to UNICEF's assessment for the 2018/2019 academic year, enrollment stood at 25% for children aged 3-5. Subsequent data from the Bosnia and Herzegovina Agency for Statistics for the 2022/2023 academic year indicates enrollment rates of 42% for children aged 3 to 5 and 46% for those aged 5 to 6. These figures clearly illustrate an increase in enrollment rates following the Platform's implementation.

In Bosnia and Herzegovina, there is a clear discrepancy between the skills and competencies acquired through education and the demands of the labor market. Traditional education systems often prioritize the transmission of theoretical knowledge over practical skills required for the modern work environment. As a result, graduates may find themselves inadequately prepared for employer demands, leading to unemployment or underemployment. This discrepancy hinders economic development and growth as companies struggle to find qualified workers with necessary skills. This can result in decreased productivity and competitiveness, domestically and internationally.. Additionally, it perpetuates inequalities within society, as individuals from vulnerable groups may face greater barriers to accessing quality education that provides relevant skills for the job market. By aligning core curricula with labor market needs, educational institutions can ensure that students acquire skills and competencies sought by employers. Furthermore, integrating digital literacy and technology skills into education is vital in today's digital age, where technology proficiency is increasingly valued by employers across various sectors. Overall, narrowing the gap between education and the labor market is crucial for fostering economic development, reducing unemployment, and promoting social mobility. Educational reforms, by empowering students with relevant skills and competencies, can enable individuals to succeed in the job market and make a positive contribution to society.

High unemployment is a perennial structural problem associated with challenges related to the lack of skills needed by employers, the slow pace and quality of job creation. Furthermore, a large percentage of employers (43.5% in the RS, 42.4% in the FBiH) reported difficulties in finding and hiring the necessary workers in 2022. The main obstacles are the lack of required occupations and the lack of professional knowledge and skills for the workplace.

The majority of employers, 63.9% of them, stated that the lack of staff with the required occupations is the reason that makes it difficult to find workers, 46.7% of employers stated the lack of staff with professional knowledge and skills necessary for the position as the reason.

While inactivity and discouragement of the working-age population are undoubtedly a reflection of accumulated long-term structural problems, there are also clear and increasingly urgent indicators that the mismatch in the labour market is also a consequence of current policies, i.e., instead of being eliminated, it continues to exist due to the mismatch in the supply of educational profiles and insufficient effectiveness of active employment measures. Only a third of employers employ workers directly from the educational system, after completing secondary general or technical school or university.

The main problem in the area of employment aims to solve is the lack of access to decent employment opportunities across the country, particularly for young people. This includes the need to pilot and fully implement the Youth Guarantee program, which seeks to provide young individuals with opportunities for employment, education, and training.

When it comes to social policy, harmonizing parental leave rights ensures consistent and equitable access to parental leave benefits across the country, addressing disparities that may exist between regions or sectors. Implementing a social card, on the other hand, provides a centralized platform or mechanism for accessing various social benefits and services, streamlining the process for individuals and families in need. Together, these measures aim to promote work-life balance, support parental responsibilities, and enhance social welfare, ultimately contributing to a more equitable and inclusive society.

Acknowledging the fact that reforms in the area of fundamentals represent the basis of the overall reform processes of Bosnia and Herzegovina, the strategic focus of all levels of government will be precisely on these reforms.

² Situation Analysis of Children in Bosnia and Herzegovina March 2020, UNICEF

Fundamentals/Rule of Law Area is centred on five key focus reforms: Coordination in EU matters and Democratic institutions, Functioning of the Judiciary, Fight against corruption, Strengthen the fight against organised crime and Fundamental rights.

For the European integration process in Bosnia and Herzegovina it is of critical importance to have effective European integration capacities at all relevant levels of government, in line with their respective competencies, as well as to ensure their effective cooperation and coordination in line with the provisions of the Decision on the system of coordination in the process of European integration in Bosnia and Herzegovina. Therefore, efforts will be made to ensure efficient work of all joint bodies under SAA and to improve efficiency of the coordination mechanism. Recognizing importance of Constitutional court of BiH it will be ensured functioning of the Constitutional Court.

As regard judicial reform, in the coming period BiH will concentrate in particular to implement the integrity-related provisions of the Law on the HJPC to ensure the effectiveness of integrity checks in line with European standards and to finalise and adopt the new Law on the HJPC and the new law on the Court of Bosnia and Herzegovina, in line with the Opinion of the Venice Commission. Reforms associated with fighting corruption are key in the EU accession process and would foster greater public participation and improved social cohesion. Strengthening legal and institutional frameworks should be a priority, followed by efficient implementation and improved capacities. Bosnia and Herzegovina will continue its efforts in the fight against organized with specific focus to address systemic shortcomings in the operational cooperation between law enforcement agencies fighting organised crime, weak institutional coordination, and a very limited exchange of intelligence. Further efforts will be made to strengthen proactive approach to financial investigations and asset seizures, countering criminal infiltration in the political, legal and economic systems, while cooperation with Eurojust and the European Public Prosecutor's Office (EPPO) will be stepped up.

2 OBJECTIVES OF THE REFORM AGENDA

Article 3 of the Regulation (EU) 2024/1449 of the European Parliament and of the Council of 14 May 2024 on establishing the Reform and Growth Facility for the Western Balkans (hereinafter "the Regulation") sets 4 general and 13 specific objectives of the facility. Out of 13 specific objectives given by the regulation, Reform Agenda for Bosnia and Herzegovina addresses 8 of them.

The general objectives of the Reform Agenda are:

- *To support the enlargement process by accelerating the alignment with Union values, laws, rules, standards, policies and practices ('acquis') through the adoption and implementation of reforms with a view to future Union membership*
- *To accelerate regional economic integration and progressive integration into the Union single market;*
- *To accelerate the socio-economic convergence of the beneficiaries' economies with the Union*
- *To foster regional cooperation, good neighbourly relations, reconciliation and the settlement of disputes in the Western Balkans, as well as people-to-people contact*

Progressive and continuous compliance with the Common Foreign and Security Policy - CFSP of the European Union is reflected in the fulfillment of the obligations arising from the Stabilization and Association Agreement contained in Title II (Political Dialogue), Article 10, paragraph 2 b) and d), which specify that is "especially improved by political dialogue: (...) b) increasing convergence of the parties' positions on international issues, including issues regarding common foreign and security policy, with the exchange of information as necessary, especially on issues that could fundamentally affect the parties" (...) d) common positions on security and stability in Europe, including cooperation in the areas covered by the common foreign and security policy", and in Article 11, paragraph 2. c) "At the request of the parties, the political dialogue can also take place in the following forms: (...) c) by all other means that can contribute to strengthening, developing and strengthening that dialogue, including those established in the Thessaloniki Agenda, adopted in the Conclusions of the European Council in Thessaloniki, June 19 and 20, 2003".

In the Communication of the European Commission on Enlargement Policy from November 2023, it is stated that the country's compliance with the EU's foreign policy has significantly improved, especially in terms of EU statements and restrictive measures, and at the initiative of the Ministry of Foreign Affairs, and that it is necessary to continue to strengthen its capacities for the implementation and application of imposed sanctions. It is also stated that Bosnia and Herzegovina joined the statements of the EU in the General Assembly of the United Nations, the OSCE and the Council of Europe.

The EC Report for Bosnia and Herzegovina from March 2024 states that Bosnia and Herzegovina has achieved and maintained full compliance with the Common Foreign and Security Policy of the EU, signaling its clear commitment to

the European path, and it was evaluated as an extremely important sign of common values and strategic direction in the new geopolitical context.

In order to maintain full compliance with the Common, Foreign and Security Policy of the EU, it is necessary to continuously strengthen the capacities for the application of restrictive measures. In this context, the implementation of the proposed reforms, especially those in the Policy Area 4 – Fundamentals/Rule of Law under point 4.1.1. and 4.3.1. (Coordination in the field of EU issues and democratic institutions; and the fight against corruption), should enable a high-quality and efficient establishment of a comprehensive mechanism of interdepartmental coordination of activities necessary for their implementation. This will significantly improve the harmonization of legislation in BiH with the acquis of the EU, especially with regard to Cluster 1 of the negotiations.

SPECIFIC OBJECTIVES

Specific objectives of the Reform Agenda for Bosnia and Herzegovina shall be achieved through a set of reforms, steps and actions described in the Part II.

TABLE 1: LIST OF PRIORITY AREAS AND SPECIFIC OBJECTIVES

Policy Area Title	Article	Title
Fundamentals / Rule of Law	3(2)(a)	Further strengthen the fundamentals of the enlargement process, including the rule of law and fundamental rights, the functioning of democratic institutions, at all levels, including at entity/regional and local level and including de-polarisation, public administration and fulfil the economic criteria; this includes promoting an independent judiciary, reinforcing security and stability in the region, strengthening the fight against fraud and all forms of corruption, including high-level corruption and nepotism, organised crime, cross-border crime and money laundering as well as terrorism financing, tax evasion and tax fraud, tax avoidance; increasing compliance with international law; strengthening freedom and independence of media and academic freedom; combating hate speech; enabling an environment for civil society, fostering social dialogue; promoting gender equality, gender mainstreaming and the empowerment of women and girls, non-discrimination and tolerance, to ensure and strengthen respect for the rights of persons belonging to minorities, including national minorities and Roma, as well as rights of lesbian, gay, bisexual, transgender and intersex persons
Green and Digital Transition	3(2)(j)	Accelerate the inclusive and sustainable green transition to climate neutrality by 2050, in accordance with the Paris Agreement and the Green Deal, in line with the 2020 Green Agenda for the Western Balkans and covering all economic sectors, particularly energy, including the transition towards a de-carbonised, climate-neutral, climate-resilient and circular economy, while ensuring that investments respect the ‘do no significant harm’ principle
	3(2)(k)	Promote the digital transformation and digital skills as an enabler of sustainable development and inclusive growth
Human Capital Development and Retention	3(2)(m)	Boost quality education, training, reskilling and upskilling at all levels, with a particular focus on youth, including tackling youth unemployment, preventing brain drain and supporting vulnerable communities and support employment policies, including labour rights, in line with the European Pillar of Social Rights, and fighting poverty
Private Sector Development and Business Environment	3(2)(f)	Accelerate the transition of the beneficiaries to sustainable, climate-neutral and inclusive economies, that are capable of withstanding competitive market pressures of the Union single market, and to a stable investment environment and reduce their strategic dependencies
	3(2)(g)	Boost regional economic integration in particular through progress in the establishment of the Common Regional Market
	3(2)(h)	Foster economic integration of the beneficiaries with the Union single market, in particular through increased trade and investment flows, and resilient value chains
	3(2)(i)	Support regional economic integration and enhanced integration with the Union single market through improved and sustainable connectivity in the region in line with trans-European networks to reinforce regional cooperation, good neighbourly relations, reconciliation, as well as people-to-people contact
	3(2)(l)	Boost innovation, research, and cooperation between academic institutions and industry in support of the green and digital transitions, promoting local industries with a particular emphasis on locally based micro, small and medium- sized enterprises and start-ups

SPECIFIC OBJECTIVE 3(2)A

TITLE OF THE SPECIFIC OBJECTIVE: FURTHER STRENGTHEN THE FUNDAMENTALS OF THE ENLARGEMENT PROCESS, INCLUDING THE RULE OF LAW AND FUNDAMENTAL RIGHTS, THE FUNCTIONING OF DEMOCRATIC INSTITUTIONS, INCLUDING AT REGIONAL AND LOCAL LEVEL AND INCLUDING DE-POLARISATION, PUBLIC ADMINISTRATION AND FULFIL THE ECONOMIC CRITERIA; THIS INCLUDES PROMOTING AN INDEPENDENT JUDICIARY, REINFORCING SECURITY AND STABILITY IN THE REGION, STRENGTHENING THE FIGHT AGAINST FRAUD AND ALL FORMS OF CORRUPTION, INCLUDING HIGH-LEVEL CORRUPTION AND NEPOTISM, ORGANISED CRIME, CROSS-BORDER CRIME AND MONEY LAUNDERING AS WELL AS TERRORISM FINANCING, TAX EVASION AND TAX FRAUD, TAX AVOIDANCE; INCREASING COMPLIANCE WITH INTERNATIONAL LAW; STRENGTHENING FREEDOM AND INDEPENDENCE OF MEDIA AND ACADEMIC FREEDOM; COMBATING HATE SPEECH; ENABLING AN ENVIRONMENT FOR CIVIL SOCIETY, FOSTERING SOCIAL DIALOGUE; PROMOTING GENDER EQUALITY, GENDER MAINSTREAMING AND THE EMPOWERMENT OF WOMEN AND GIRLS, NON-DISCRIMINATION AND TOLERANCE, TO ENSURE AND STRENGTHEN RESPECT FOR THE RIGHTS OF PERSONS BELONGING TO MINORITIES, INCLUDING NATIONAL MINORITIES AND ROMA, AS WELL AS RIGHTS OF LESBIAN, GAY, BISEXUAL, TRANSGENDER AND INTERSEX PERSONS

This specific objective shall be addressed through the **Priority Area 4 (Fundamentals/Rule of Law)** of the Reform Agenda.

There are 5 recognized Components with one Reform per each component addressing the specific objective.

TABLE 2: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(A)

Component	Reform Code	Title of the Reform
4.1.	4.1.1.	Coordination in EU matters and Democratic institutions
4.2.	4.2.1.	Functioning of the Judiciary
4.3.	4.3.1.	Fight against corruption
4.4.	4.4.1.	Strengthen the fight against organised crime by improving institutional cooperation among law enforcement agencies and with prosecutors' offices and courts; establishing specialised multi-agency investigation teams for complex cases; and implementing strategic, intelligence-led approach to fighting organised crime, leading to increase in convictions.
4.5.	4.5.1.	Fundamental rights

Other segments of this specific objective shall be addressed as horizontal issues. Therefore, enabling environment for civil society, fostering social dialogue, promotion of gender equality and gender mainstreaming, empowerment of women and girls, non-discrimination and tolerance are going to be fully respected and promoted through all the reforms.

SPECIFIC OBJECTIVE 3(2)(J)

TITLE OF THE SPECIFIC OBJECTIVE: ACCELERATE THE INCLUSIVE AND SUSTAINABLE GREEN TRANSITION TO CLIMATE NEUTRALITY BY 2050, IN ACCORDANCE WITH THE PARIS AGREEMENT AND THE GREEN DEAL, IN LINE WITH THE 2020 GREEN AGENDA FOR THE WESTERN BALKANS AND COVERING ALL ECONOMIC SECTORS, PARTICULARLY ENERGY, INCLUDING THE TRANSITION TOWARDS A DE-CARBONISED, CLIMATE-NEUTRAL, CLIMATE-RESILIENT AND CIRCULAR ECONOMY, WHILE ENSURING THAT INVESTMENTS RESPECT THE 'DO NO SIGNIFICANT HARM' PRINCIPLE.

This specific objective is addressed through **Priority area 1 „Green and Digital Transition“** of the Reform Agenda.

There are 4 recognized components under this specific objective and 5 reforms.

TABLE 3: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(j)

Component	Reform Code	Title of the Reform
-----------	-------------	---------------------

1.4.	1.4.1.	Full implementation of the 3 rd Energy Package for electricity and gas and the electricity integration package, including appointment of NEMO, unbundling, gradual tariff adjustment and market coupling
1.5.	1.5.1.	Implementation of the NECP and other related strategic documents (roadmap for just transition in coal regions)
	1.5.2.	Work on carbon pricing with the aim of having an ETS in place by 2030, implement climate legislation aligned with EU Climate Law, including commitments to climate neutrality
1.6.	1.6.1.	Implementation of the Renewable Energy Directive, including use of transparent and competitive procedures for deployment of renewable energy, permitting, guarantees of origin and first RES auction
1.7.	1.7.1.	Full implementation of the EED, EPBD, Eco-design and energy labelling legislation

SPECIFIC OBJECTIVE 3(2)(K)

TITLE OF THE SPECIFIC OBJECTIVE: PROMOTE THE DIGITAL TRANSFORMATION AND DIGITAL SKILLS AS AN ENABLER OF SUSTAINABLE DEVELOPMENT AND INCLUSIVE GROWTH

This specific objective is addressed through **Priority area 1 „Green and Digital Transition“** of the Reform Agenda.

There are 3 recognized components under this specific objective and 3 reforms.

TABLE 4: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(K)

Component	Reform Code	Title of the Reform
1.1.	1.1.1.	Enable secure broadband, including 5G roll-out
1.2.	1.2.1.	Develop an e-governance Framework
1.3.	1.3.1.	Set up a comprehensive framework for cyber resilience (introducing requirements of NIS2 Directive and strengthening relevant institutions at all levels of government)

SPECIFIC OBJECTIVE 3(2)(M)

BOOST QUALITY EDUCATION, TRAINING, RESKILLING AND UPSKILLING AT ALL LEVELS, WITH A PARTICULAR FOCUS ON YOUTH, INCLUDING TACKLING YOUTH UNEMPLOYMENT, PREVENTING BRAIN DRAIN AND SUPPORTING VULNERABLE COMMUNITIES AND SUPPORT EMPLOYMENT POLICIES, INCLUDING LABOUR RIGHTS, IN LINE WITH THE EUROPEAN PILLAR OF SOCIAL RIGHTS, AND FIGHTING POVERTY

This specific objective is addressed through **Priority area 3 „Human Capital Development and Retention“** of the Reform Agenda.

There are 3 recognized components under this specific objective and 5 reforms.

TABLE 5: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(M)

Component	Reform Code	Title of the Reform
3.1.	3.1.1.	Increase share of children enrolled in early childhood education and care services country-wide
	3.1.2.	Increase quality of primary and secondary education country-wide, including by aligning core curricula with labour market needs
	3.1.3.	Improve the link between VET and private sector and decrease the skills mismatch
3.2.	3.2.1.	Increase access to decent work throughout the country, including through piloting and full roll-out of the Youth Guarantee.
3.3.	3.3.1.	Harmonise parental leave rights country-wide and implement the social card.

SPECIFIC OBJECTIVE 3(2)(F)

TITLE OF THE SPECIFIC OBJECTIVE: ACCELERATE THE TRANSITION OF THE BENEFICIARIES TO SUSTAINABLE, CLIMATE-NEUTRAL AND INCLUSIVE ECONOMIES, THAT ARE CAPABLE OF WITHSTANDING COMPETITIVE MARKET PRESSURES OF THE UNION SINGLE MARKET, AND TO A STABLE INVESTMENT ENVIRONMENT AND REDUCE THEIR STRATEGIC DEPENDENCIES

This specific objective is addressed through **Priority area 2 „Private Sector Development and Business Environment“** of the Reform Agenda.

There is 1 recognized component under this specific objective and 1 reform.

TABLE 6: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(F)

Component	Reform Code	Title of the Reform
2.1.	2.1.1.	Strengthen governance and management and increase the efficiency and transparency of public enterprises, including POEs

SPECIFIC OBJECTIVE 3(2)(G)

TITLE OF THE SPECIFIC OBJECTIVE: BOOST REGIONAL ECONOMIC INTEGRATION IN PARTICULAR THROUGH PROGRESS IN THE ESTABLISHMENT OF THE COMMON REGIONAL MARKET

This specific objective is addressed through **Priority area 2 „Private Sector Development and Business Environment“** of the Reform Agenda There is 1 recognized component under this specific objective and 1 reform.

TABLE 7: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(G)

Component	Reform Code	Title of the Reform
2.1.	2.1.3.	Facilitate free movement of goods and services through reduced formalities, harmonisation of regulatory framework and mutual recognition of professional qualifications
2.1.	2.1.4.	Simplify processes to facilitate an enabling business environment

SPECIFIC OBJECTIVE 3(2)(H)

TITLE OF THE SPECIFIC OBJECTIVE: FOSTER ECONOMIC INTEGRATION OF THE BENEFICIARIES WITH THE UNION SINGLE MARKET, IN PARTICULAR THROUGH INCREASED TRADE AND INVESTMENT FLOWS, AND RESILIENT VALUE CHAINS

This specific objective is addressed through **Priority area 2 „Private Sector Development and Business Environment“** of the Reform Agenda There is 1 recognized component under this specific objective and 1 reform.

TABLE 8: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(H)

Component	Reform Code	Title of the Reform
2.1.	2.1.2.	Simplify and harmonise requirements to register and operate country-wide

SPECIFIC OBJECTIVE 3(2)(I)

TITLE OF THE SPECIFIC OBJECTIVE: SUPPORT REGIONAL ECONOMIC INTEGRATION AND ENHANCED INTEGRATION WITH THE UNION SINGLE MARKET THROUGH IMPROVED AND SUSTAINABLE CONNECTIVITY IN THE

REGION IN LINE WITH TRANS-EUROPEAN NETWORKS TO REINFORCE REGIONAL COOPERATION, GOOD NEIGHBOURLY RELATIONS, RECONCILIATION, AS WELL AS PEOPLE-TO-PEOPLE CONTACT

This specific objective is addressed through **Priority area 2 „Private Sector Development and Business Environment“** of the Reform Agenda There is 1 recognized component under this specific objective and 1 reform.

TABLE 9: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(I)

Component	Reform Code	Title of the Reform
2.1.	2.1.2.	Simplify and harmonise requirements to register and operate country-wide

SPECIFIC OBJECTIVE 3(2)(L)

TITLE OF THE SPECIFIC OBJECTIVE: BOOST INNOVATION, RESEARCH, AND COOPERATION BETWEEN ACADEMIC INSTITUTIONS AND INDUSTRY IN SUPPORT OF THE GREEN AND DIGITAL TRANSITIONS, PROMOTING LOCAL INDUSTRIES WITH A PARTICULAR EMPHASIS ON LOCALLY BASED MICRO, SMALL AND MEDIUM- SIZED ENTERPRISES AND START-UPS

This specific objective is addressed through **Priority area 2 „Private Sector Development and Business Environment“** of the Reform Agenda There is 1 recognized component under this specific objective and 1 reform.

TABLE 10: REFORMS UNDER SPECIFIC OBJECTIVE 3(2)(L)

Component	Reform Code	Title of the Reform
2.2.	2.2.1.	Put in place a system to financially support innovative startups and MSMEs

3 CONSISTENCY WITH THE OVERALL POLICY FRAMEWORK (INCLUDING THE ECONOMIC REFORM PROGRAMME, THE JOINT POLICY GUIDANCE AND THE ENLARGEMENT POLICY FRAMEWORK)

Reform Agenda for Bosnia and Herzegovina is consistent with overall policy framework having particular connections and complementarity with Economic Reform Programme (2024 – 2026) and EC Priorities for BiH. Furthermore, by implementing the Reform Agenda alone, BiH should contribute to gradual improvement of the EC Report as the report is relying on the set EC priorities for BiH.

Reform Agenda is tackling the following structural reforms from the ERP:

1. *Structural Reform nr. 1: Improvement of competitiveness through technological development and improvement of business environment – through proposed reforms under Priority Area 2*
2. *Structural Reform nr. 2: Improving efficiency of Public Enterprises - through proposed reforms under Priority Area 2*
3. *Structural Reform nr. 3: Conditions for green transition – through proposed reforms under Priority Area 1*
4. *Structural Reform nr. 4: Conditions for speeding digital transition – through proposed reforms under Priority Area 1*
5. *Structural Reform nr. 5: Increasing employment through alignment of education and development of practical skills and competencies for labour market – through proposed reforms under Priority Area 3*

When it comes to Structural Reform nr. 1 – The main objective is to improve the competitiveness of the economy by supporting technological development and improve important elements of business conditions in order to remove obstacles to greater investment in technological modernization and develop an economy based on knowledge and innovation and able to achieve a higher level of productivity.

Especially important is the second measure “Improving business conditions“ who’s primary objective is to improve the business environment, by reducing administrative obstacles and raise the level and quality of public services. These objectives are complementary to Reform Agenda reforms:

- 2.1.2. *Simplify and Harmonize Requirements to register and operate country wide*
- 2.1.3. *Facilitate free movement of goods and services through reduced formalities, harmonisation of regulatory framework and mutual recognition of professional qualifications*
- 2.1.4. *Simplify processes to facilitate an enabling business environment*

Structural Reform nr. 2 “Increased efficiency of POEs” shall be achieved through the implementation of Reform 2.1.1. “Strengthen governance and management and increase the efficiency and transparency of public enterprises, including SOEs”

Primary objective of Structural reform is to increase the quality of services of public enterprises and decrease the pressure they have on public finances. Measure will support increased transparency of their work and improve the oversight of their owners (RS and FBiH). Reform Agenda, reform nr. 2.1.1. shall focus on governance and transparency of POEs, climate pressure as well as the control and oversight over the POEs’ and decreasing the arrears. Furthermore, reform agenda shall aim at establishment of at least one PPP for the management of airport.

When it comes to Structural Reform nr. 3, primary objective is green transition and decreasing the carbon footprint of economic activities in line with the Sofia Declaration on Green Agenda for Western Balkans.

Structural Measure 1 “Energy transition and ensuring energy security, reform of the energy market and increased efficiency and increased share of renewable energy. Reform Agenda shall contribute to the achievement of those measures through Priority Area 1, Reforms:

- 1.4.1. *Full implementation of the 3rd Energy Package for electricity and gas and the electricity integration package, including appointment of NEMO, unbundling, gradual tariff adjustment and market coupling*
- 1.5.1. *Implementation of the NECP and other related strategic documents (roadmap for just transition in coal regions).*
- 1.5.2. *Work on carbon pricing with the aim of having an ETS in place by 2030, implement climate legislation aligned with EU Climate Law, including commitments to climate neutrality*
- 1.6.1. *Implementation of the Renewable Energy Directive, including use of transparent and competitive procedures for deployment of renewable energy, permitting, guarantees of origin and first RES auction*
- 1.7.1. *Full implementation of the EED, EPBD, Eco-design and energy labelling legislation*

Structural Reform nr. 4 “Digital Transition” main objective is to ensure the IT infrastructure needed for more dynamic development of e-services to businesses and citizens as well as to ensure sufficient level of cyber security.

Reform Agenda shall contribute to this objective through implementation of the following reforms:

- 1.1.1. *Enable secure broadband, including 5G roll-out.*
- 1.2.1. *Develop an e-governance framework*
- 1.3.1. *Set up a comprehensive framework for cyber resilience (introducing requirements of NIS2 Directive and strengthening relevant institutions at all levels of government).*

Structural Reform nr. 5 main objective is to improve employability of young people and improving efficiency of trainings and other active labour measures for all categories of unemployed people.

There are several reforms in the Reform Agenda contributing to the achievement of those objectives:

- 3.1.1. *Increase share of children enrolled in early childhood education and care services country-wide*
- 3.1.2. *Increase quality of primary and secondary education country-wide, including by aligning core curricula with labour market needs*
- 3.1.3. *Improve the link between VET and private sector and decrease the skills mismatch*
- 3.2.1. *Increase access to decent work throughout the country, including through piloting and full roll-out of the Youth Guarantee.*

As for the Structural Reform nr. 6 “Improving the quality and efficiency of institutional mechanisms for the provision of social protection and health services” and the objective, Reform Agenda shall tackle the system of parental leave across the country and implementation of social card thus being fully complementary to the ERP.

Commission Opinion on Bosnia and Herzegovina's application for membership of the European Union from 19 May 2019 sets 14 priorities for Bosnia and Herzegovina. Those 14 priorities are reflecting the Copenhagen and Madrid criteria as well as the progress vis-à-vis SAA.

Reform Agenda, especially reforms under Policy Area 4 (Fundamentals and Rule of Law) are strongly corresponding to those 14 priorities as illustrated in the following table

Nr.	Opinion Priority	Reform Agenda
1	Ensure that elections are conducted in line with European standards by implementing OSCE/ODIHR and relevant Venice Commission recommendations, ensuring transparency of political party financing, and holding municipal elections in Mostar	Indirectly through improvement and implementation of Col legislative framework
2	Ensure a track record in the functioning at all levels of the coordination mechanism on EU matters including by developing and adopting a national programme for the adoption of the EU acquis.	4.1.1. "Coordination in EU matters and Democratic Institutions", especially steps 4.1.1.2. "Improve the functioning of the EU coordination mechanism within the country notably by strengthening the quality assurance process, in view of preparation for the accession negotiations" and 4.1.1.4 "Adopt the Program for Alignment with the Acquis ('NPAA') in line with SAA requirements, notably covering the full EU Acquis, the respective competences for its implementation, the required funding allocation and sources, and administrative capacities"
3	Ensure the proper functioning of the Stabilisation and Association Parliamentary Committee.	4.1.1. "Coordination in EU matters and Democratic Institutions", especially the step 4.1.1.1. "Joint bodies under the SAA functions properly, with efficient working methods, with a single efficient and effective entry point for coordination on EU integration"
4	Fundamentally improve the institutional framework, including at constitutional level, in order to: a) Ensure legal certainty on the distribution of competences across levels of government; b) Introduce a substitution clause to allow the State upon accession to temporarily exercise competences of other levels of government to prevent and remedy breaches of EU law; c) Guarantee the independence of the judiciary, including its self-governance institution (HJPC);	Indirectly through coordination and implementation mechanism of the Reform Agenda
5	Take concrete steps to promote an environment conducive to reconciliation in order to overcome the legacies of the war.	Indirectly through coordination and implementation mechanism of the Reform Agenda
6	Improve the functioning of the judiciary by adopting new legislation on the High Judicial and Prosecutorial Council and of the Court of Bosnia and Herzegovina in line with European standards	<p>4.1.1.</p> <p>4.1.1.3. "All constitutional judges are appointed, and the decisions of the Constitutional Court are recognised and applied across the country".</p> <p>4.2.1. "Functioning of the Judiciary"</p> <p>4.2.1.1. "Ensure that the asset declarations of judicial office holders are verified effectively by implementing the integrity-related amendments to the Law on the High Judicial and Prosecutorial Council (HJPC)"</p> <p>4.2.1.2. "The transfer of the positions of the HJPC ICT department from project funding to the state budget is complete"</p> <p>4.2.1.3. "A functioning judicial appellate body is in place at the state level following adoption and implementation of a new Law on the Court of BiH"</p> <p>4.2.1.4. "A new comprehensive Law on the HJPC in line with European standards is adopted following consultations with practitioners and civil society, and taking into account monitoring results of HJPC integrity amendments; and it is implemented to ensure, among others, an independent judicial disciplinary regime, a performance appraisal system that is based on qualitative criteria, and merit-based appointments"</p>
7	Strengthen the prevention and fight against corruption and organised crime, including money laundering and terrorism,	4.3.1. "Fight against corruption" and 4.4.1. "Strengthen the fight against organised crime by improving institutional cooperation among law enforcement agencies and with prosecutors' offices and courts; establishing specialised multi-agency investigation teams"

		for complex cases; and implementing strategic, intelligence-led approach to fighting organised crime, leading to increase in convictions”
8	Ensuring effective coordination, at all levels, of border management and migration management capacity, as well as ensuring the functioning of the asylum system.	
9	Strengthen the protection of the rights of all citizens, notably by ensuring the implementation of the legislation on non-discrimination and on gender equality.	Indirectly through the implementation of the Priority Area 4 of the Reform Agenda
10	Ensure the right to life and prohibition of torture, notably by (a) abolishing the reference to death penalty in the Constitution of the Republika Srpska entity and (b) designate a national preventive mechanism against torture and ill-treatment	
11	Ensure an enabling environment for civil society, notably by upholding European standards on freedom of association and freedom of assembly	4.5.1. “Fundamental Rights” 4.5.1.1. “Cases of threats and violence against journalists and media workers are transparently and effectively registered and followed up by police and judiciary” 4.5.1.4. “Legislation ensuring the enjoyment of freedom of expression, assembly and association is in place and enforced across the country, and restrictive proposals are withdrawn (notably the draft RS law targeting CSOs as foreign agents and any similar initiatives)”
12	Guarantee freedom of expression and of the media and the protection of journalists, notably by (a) ensuring the appropriate judicial follow-up to cases of threats and violence against journalists and media workers, and (b) ensuring the financial sustainability of the public broadcasting system.	4.5.1. “Fundamental Rights” 4.5.1.2. “Defamation is decriminalized across the country.” 4.5.1.4. “Legislation ensuring the enjoyment of freedom of expression, assembly and association is in place and enforced across the country, and restrictive proposals are withdrawn (notably the draft RS law targeting CSOs as foreign agents and any similar initiatives)”
13	Improve the protection and inclusion of vulnerable groups, in particular persons with disabilities, children, LGBTI persons, members of the Roma community, detainees, migrants and asylum seekers, as well as displaced persons and refugees in line with the objective of closure of Annex VII of the Dayton Peace Agreement	4.5.1.4. “Legislation ensuring the enjoyment of freedom of expression, assembly and association is in place and enforced across the country, and restrictive proposals are withdrawn (notably the draft RS law targeting CSOs as foreign agents and any similar initiatives)”
14	Complete essential steps in public administration reform towards improving the overall functioning of the public administration by ensuring a professional and depoliticised civil service and a coordinated countrywide approach to policy making.	4.3.1.2 Align with merit principles and EU standards the state and entity-level laws on civil service recruitment, promotion and dismissals, to which cantonal level laws are adapted to

4 KEY POLICY PRIORITIES

Key Policy Priorities of the Reform Agenda for Bosnia and Herzegovina are given in the table below with subordinate number of components, reforms, steps and activities.

Policy Area Title	Number of Components	Number of Reforms	Number of Steps	Number of Activities
Green and Digital Transition	7	8	34	97
Private Sector Development and Business Environment	2	6	27	73
Human Capital	3	5	24	108
Fundamentals	5	5	25	51

Grand Total	17	24	110	329
-------------	----	----	-----	-----

FUNDAMENTAL SECTORS

Acknowledging the fact that reforms in the area of fundamentals represent the basis of the overall reform processes of Bosnia and Herzegovina, the strategic focus of all levels of government will be precisely on these reforms.

Fundamentals/Rule of Law Area is centred on five key focus reforms: Coordination in EU matters and Democratic institutions, Functioning of the Judiciary, Fight against corruption, Strengthen the fight against organised crime and Fundamental rights.

For the European integration process in Bosnia and Herzegovina it is of critical importance to have effective European integration capacities at all relevant levels of government, in line with their respective competencies, as well as to ensure their effective cooperation and coordination in line with the provisions of the Decision on the system of coordination in the process of European integration in Bosnia and Herzegovina. Therefore, efforts will be made to ensure efficient work of all joint bodies under SAA and to improve efficiency of the coordination mechanism. Recognizing importance of Constitutional court of BiH it will be ensured the full composition and functioning of the Constitutional Court, as well as the implementation of constitutional reform in line with the Analytical report, including addressing the issue of the international judges.

As regard judicial reform, in the coming period BiH will concentrate in particular to implement the integrity-related provisions of the Law on the HJPC to ensure the effective implementation of integrity checks in line with European standards and to finalise and adopt the new Law on the HJPC and the new Law on the Court of Bosnia and Herzegovina, in line with the respective Opinions of the Venice Commission.

Reforms associated with fighting corruption are key in the EU accession process and would foster greater public participation and improved social cohesion. Strengthening legal and institutional frameworks should be a priority, followed by efficient implementation and improved capacities.

Bosnia and Herzegovina will continue its efforts in the fight against organized crime with specific focus to address systemic shortcomings in the operational cooperation between law enforcement agencies fighting organised crime, weak institutional coordination, and little to no reliance on intelligence led policing.

Further efforts will be made to strengthen proactive approach to financial investigations and asset seizures, countering criminal infiltration in the political, legal and economic systems, while cooperation with Eurojust and the European Public Prosecutor's Office (EPPO) will be stepped up.

GREEN TRANSITION

The transformation/transition of the energy sector, including the power sector in Bosnia and Herzegovina, began with the signing of the Treaty establishing Energy Community, ratified in 2006. With the ratification of the Treaty, BiH committed to gradually align with the EU *acquis* by transposing the relevant EU *acquis* in the areas of security of supply, competition, environmental protection, energy infrastructure, energy efficiency and use of energy from renewable sources. Based on the Treaty establishing Energy Community, BiH has started the process aiming to be included as a part of the internal market of the European Union. Therefore, the reforms aim to implement the measures defined by the Third EU Energy Package in the electricity and gas sectors, as well as to create a functional energy market well prepared to be integrated into the EU internal electricity market.

The development of the Emissions Trading System (EU ETS) is of primary importance for the decarbonization of the energy sector. It is expected that the ETS and CBAM in BiH will affect the use of coal for electricity generation, requiring the implementation of measures to support the labor market through investment in training, specialization and retraining of employees, as well as the development of entrepreneurship in regions with coal production.

BiH also has significant potential in renewable energy. Although the existing coal power plants are important for energy independence, many of them have reached the end of their production life, which additionally opens the opportunity for

a transition to renewable energy. In addition to hydropower plants, BiH also has large and competitive solar and wind sectors. BiH plans to continue with activities to increase and diversify the share of renewable energy in overall energy consumption.

Achieving energy efficiency is one of the key priorities crucial for reducing energy consumption, lowering costs, and mitigating environmental impacts. Specific emphases will be given to the renovation of buildings.

DIGITAL TRANSFORMATION AND DIGITAL SECURITY ISSUES

In the coming period of the implementation of the Reform Agenda, Bosnia and Herzegovina will focus on key components of digitization in order to strengthen its infrastructure and services, which is critical for enhancing the efficiency and availability of public services, as well as assuring competitiveness in the digital market.

The construction of broadband infrastructure is a top priority since it is essential to guaranteeing that urban and rural communities have equal access to the internet. The Framework Broadband strategy aims to provide all citizens with access to high-speed Internet. This is especially important for rural areas, where access to digital resources can significantly contribute to economic development and reducing the digital divide. This framework will also identify key broadband infrastructure and identify stakeholders. Broadband Internet security and the implementation of 5G networks are also of great importance. Alignment with EU's 5G network cybersecurity tool will enable BiH to build a robust and secure infrastructure that is ready for future technological challenges and needs.

Furthermore, e-signature and digital identity serve as the basis for modernizing public services. Citizens will have easier access to a range of administrative, tax, social, and educational services with the introduction of a digital identity wallet and the complete adoption of electronic identification documents. This will increase public administration efficiency and lower bureaucratic barriers. While Open Data Directive and e-Privacy Directive to promote transparency in data.

Another significant component is cyber security, with the goal of quickly enacting the Law in compliance with the NIS2 Directive, State and entity-level CSIRTs to be operational in line with NIS2 requirements and reach SIM3 mode. In order to preserve the integrity and security of public and private infrastructure, it is imperative to establish an efficient framework for cyber resilience that includes crisis management procedures and coordinated vulnerability detection. This will guarantee that key economic sectors and institutions at all levels can respond appropriately to cyber threats.

The purpose of these reform is to enable the necessary public infrastructure in the field of information and communication technologies in order to create the necessary preconditions for a more dynamic development of electronic services for the economy and citizens (e-services), as well as a greater degree of digitization of business based on secure and confidential exchange of data and documents. Due to the importance of this information-communication infrastructure for business conditions through the availability of digitized and efficient public services throughout BiH, as well as for the international competitiveness of the economy and integration into the EU legal system (transposition of appropriate directives in the field of electronic identity eIDAS and cyber security and network security, in accordance with the constitutional competences and existing laws of the Entities and Brčko District), and considering the complexity of the government setup of BiH, it is of particular importance to ensure a coordinated approach of all relevant competent levels and institutions in the implementation of this reform at every level of government.

The content of this reform in the domain of key information and communication infrastructure is defined within the uniform Strategic Framework for Public Administration Reform in BiH 2022-2025 with an action plan, which was adopted by the Council of Ministers and Entity governments. Also, in the coming period, several strategic documents necessary for the harmonization and implementation of its other elements will be adopted. In the field of e-communications, these are: Policy of the electronic communications sector of BiH and the Broadband Access Development Framework Strategy in BiH, with related action plans for both documents. At this moment BiH is in finalization of agreement on Digital Europe which should also greatly benefit digital eco system in BiH for business.

EDUCATION, TRAINING, EMPLOYMENT AND SOCIAL OBJECTIVES

The main goal of this reform is to improve the inclusion of children in early childhood education and care institutions. This is crucial for several reasons: early childhood programs not only support parents in their professional responsibilities, thereby enhancing their productivity in the workplace, but also create demand for new jobs in the field of early childhood education. The inclusion of children in quality early education programs contributes to the development of key skills necessary for future employment, creating a competitive workforce and contributing to the economic development of the

community. At the same time, investing in early education programs reduces long-term costs for society and results in more efficient public finance management, contributing to the sustainability and prosperity of society as a whole.

The main goal of this reform is, also, to enhance the standards of primary and secondary education, with a particular focus on aligning core curricula with the dynamic requirements of the labor market. This reform is necessary because it enables students to acquire knowledge and skills that are globally in demand, providing them with better chances for employment and career development. Aligning education with the labor market contributes to building a sustainable, competitive, and inclusive society where individuals have the opportunity to fulfill their full potential. Additionally, aligning educational programs with the needs of the labor market stimulates innovation, economic development, and the emergence of new technologies, businesses, and industries. In this way, education becomes a driver of economic growth and competitiveness on a global scale, while also reducing the mismatch between supply and demand in the labor market, thereby reducing unemployment and the shortage of skilled workers, which negatively impacts economic development and society as a whole.

Finally, this reform is to improve the employability of young people after leaving the educational system and to increase the efficiency of training and other active employment policy programs for all categories of the unemployed. This reform aims to equip young people with the skills and knowledge required to thrive in the modern labor market, thereby enhancing their employment prospects and career development opportunities. By focusing on the alignment of educational curricula with labor market needs and ensuring that training programs are responsive to these demands, the reform seeks to create a more dynamic and relevant education system. This will enable young people to seamlessly transition from education to employment, reducing the gap between the skills they possess and the skills employers require. The reforms aims to create a robust and inclusive labor market where young people and unemployed individuals have ample opportunities to develop their skills, gain employment, and contribute to economic growth and societal well-being. By addressing the root causes of unemployment and skills mismatches, the reform will help build a more resilient and competitive economy, capable of adapting to future challenges and opportunities

The Reform 3.2.1 (Increasing Access to Decent Work Through Pilot and Full Roll-Out of the Youth Guarantee in Bosnia and Herzegovina) aims to increase access to decent work throughout Bosnia and Herzegovina by piloting and fully implementing the Youth Guarantee program. This initiative focuses on addressing the high youth inactivity rate by ensuring that all young people receive a quality offer of employment, continued education, apprenticeship, or traineeship within six months of becoming unemployed or leaving formal education. By targeting a 20% employment rate for young job seekers within this timeframe, the program seeks to foster economic inclusion and reduce youth unemployment, creating a more dynamic and resilient labor market.

Addressing data collection and labor law enforcement is essential to bolster the effectiveness of social protection policies and labor market reforms. Enhancing the Survey on Income and Living Conditions (SILC) aims to provide policymakers with reliable, timely, and transparent data. This improvement will facilitate informed decision-making, enabling the design of effective social protection policies that are based on accurate and comprehensive information. Consistent and accurate SILC reports are pivotal for addressing socio-economic disparities and promoting equitable development across the country.

Increasing the frequency and thoroughness of labor inspections caused significant controversy during the negotiation process. This initiative is pivotal for upholding labor laws and advancing occupational safety standards, aiming to safeguard workers' rights and ensure a fair working environment. By enhancing the frequency and rigor of inspections, the reform endeavors to create a workplace environment that is not only safer but also more compliant with regulations. This proactive approach aims to foster trust and collaboration between employees and employers, promoting a culture that values safety, fairness, and accountability throughout the labor market. The controversy surrounding this initiative stemmed from concerns about its potential impact on businesses, particularly regarding increased regulatory burden and operational costs. On the other hand, supporters emphasized the necessity of stricter oversight to prevent workplace violations, protect worker health, and reduce the incidence of accidents and injuries. Despite the contentious nature of these discussions, the push for more robust labor inspections underscores a commitment to improving working conditions and ensuring compliance with labor laws. It reflects a broader societal aspiration to balance economic interests with social responsibility, aiming for sustainable development and equitable treatment of workers across all sectors. Ultimately, the success of this reform will hinge on effective implementation, stakeholder engagement, and ongoing dialogue to address concerns and optimize outcomes for both workers and employers alike.

Streamlining operations within Public Employment Services (PES), particularly by relieving them of administrative duties related to health insurance, is designed to enhance the efficiency and focus of PES staff. This reform allows PES to concentrate solely on employment services, thereby improving their capacity to support job seekers. This is particularly crucial for programs like the Youth Guarantee, which require a high level of focus on individual job seekers and rapid results. By adopting these changes, the reform seeks to create a more dynamic, responsive, and supportive employment

service system that effectively meets the needs of job seekers and contributes to reducing unemployment and underemployment in Bosnia and Herzegovina.

The reform 3.3.1 (Harmonizing Parental Leave Rights and Implementing the Social Card in Bosnia and Herzegovina) aims to address significant disparities in parental leave rights and social benefits across Bosnia and Herzegovina. Currently, the country's fragmented maternal benefits system results in unequal access to maternity leave and benefits, particularly impacting unemployed mothers. By harmonizing these rights country-wide, the reform seeks to create a more equitable framework that ensures all parents, regardless of their employment status or region, receive consistent and fair support. This harmonization will involve a comprehensive action plan developed by the Federal Ministry of Labor and Social Policy, the Ministry of Health and Social Welfare of Republika Srpska, and relevant cantonal ministries, aiming for implementation by December 2025.

Implementing the social card is another critical aspect of this reform, designed to streamline access to social benefits and enhance the efficiency of the welfare system. The social card will serve as a centralized tool to manage and distribute social benefits, ensuring that all eligible individuals and families receive appropriate support based on their needs. By adopting pending legislation and regulations to implement this system, Bosnia and Herzegovina aims to cover 100% of beneficiaries by June 2027. This initiative will address existing data inadequacies and bureaucratic challenges, contributing to a more transparent and effective social protection system.

Overall, Reform 3.3.1 reflects Bosnia and Herzegovina's commitment to aligning with the 2030 Agenda and the Sustainable Development Goals by improving social protection policies. The harmonization of parental leave rights and the implementation of the social card will promote social equity, reduce regional disparities, and enhance the quality of life for families across the country. These efforts will require extensive collaboration, legislative reforms, and digital transformation, ensuring a unified and efficient approach to social welfare that meets the diverse needs of the population.

PRIVATE SECTOR DEVELOPMENT AND BUSINESS ENVIRONMENT

Reforms related to private sector development and business environment should significantly contribute to economic growth in Bosnia and Herzegovina, through ensuring an enabling business environment throughout the country as well as providing financial support to SME's.

A stable and predictable business environment and a clear and transparent regulatory framework increase the confidence and enable companies to plan and invest with greater certainty. Reforms that simplify company registration, facilitate trade, and align domestic laws with EU standards make Bosnia and Herzegovina a more attractive destination for foreign investment.

Providing access to finance to BiH SME's in BiH should boost the competitiveness and technological development through focused investments in the areas identified in the S3 strategy. The approach towards SME's between entities is rather different and calls for certain degree of harmonization which should allow for simpler and fairer application of cohesion policy financial instruments in the future.

'DO NO SIGNIFICANT HARM' PRINCIPLE

In relation to the respect of the 'do no significant harm' principle, the reforms proposed in the Reform Agenda shall undergo a detailed technical assessment in consideration of the six DNSH criteria as per the European guidelines, Regulation (EU) 2020/852 in order to estimate the direct and indirect effects for each action from a long-term perspective prior to implementation. The Taxonomy Report Technical Annex Updated methodology & Updated Technical Screening Criteria - 1 - March 2020 shall be used as the reference document for the detailed assessment³.

Each of the reforms shall be assessed for each of the 6 criteria in terms of the foreseeable impact according to three scenarios:

- A) *The reform has zero or negligible impact on the goal*
- B) *The reform supports or substantially contributes to the environmental goal*
- C) *The reform requires a comprehensive DNSH assessment.*

³ [200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf \(europa.eu\)](https://ec.europa.eu/economy_finance/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en.pdf)

Technical sheets shall be prepared for the assessment of each reform against each criteria and will allow for the specific scenario to be identified for each Step.

Having identified these scenarios, two approaches have been defined for the DNSH assessments:

1) Simplified approach

This approach is to be adopted if, for an individual goal, the action can be classified in one of the first two scenarios. The responsible administrations shall provide a brief justification to highlight the reasons why the action is associated with a limited risk of environmental damage, regardless of its potential contribution to the green transition.

2) Detailed analysis and conditions that must be respected

This approach is to be adopted for investments and reforms that fall within components such as Green and Digital Transition and Education which present a greater risk of affecting one or more of the environmental goals due to specificities or investment. This analysis is also required for actions that aim to make a substantial contribution to climate change mitigation.

This is likely to be the case for the infrastructural investments that will be implemented through the WBIF. It is expected that the WBIF will ensure the respect of the DNSH principle through their own procedures, following their detailed analysis and establishment of the conditions that must be respected. Where these conditions concern operational or other responsibilities of Bosnia and Herzegovina, they shall be discussed and agreed. In any other cases, BiH shall be responsible for the detailed analysis and establishment and monitoring of conditions. In these latter cases, BiH shall be responsible for the ex-ante and ex-post checks that the conditions are met and shall prepare the appropriate verification checklists.

During the implementation period, BiH shall be responsible for the on-going assessment and monitoring of the impact of the reforms on the 6 environmental objectives from the EU Taxonomy Regulation; in this respect, the WBIF shall provide the BiH will all the necessary information on the assessment (in the preparation phase) and on-going monitoring of the respect of the DNSH principle for the infrastructural investments it is responsible for.

5 MAINSTREAMING

The Reform Agenda for Bosnia and Herzegovina, shall be implemented to promote gender equality as a cross-cutting principle. It aims to empower women and girls and ensure the protection and advancement of their rights, aligning with the EU Gender Action Plan III and the UN Sustainable Development Goals.

BiH made its first attempt to calculate the Gender Equality Index in 2022 in line with the methodology developed by the European Institute for Gender Equality (EIGE) in cooperation with and under the support of the European Union (EU). It was developed by the Agency for Statistics of Bosnia and Herzegovina, the Agency for Gender Equality of Bosnia and Herzegovina and the United Nations Entity for Gender Equality and the Empowerment of Women (UN Women) in Bosnia and Herzegovina, in cooperation with the European Institute for Gender Equality (EIGE) under EIGE's cooperation with the Western Balkans and Turkey within the Instrument of Pre-Accession Assistance (IPA) of the European Union 'Increased capacity of EU candidate countries and potential candidates to measure and monitor impact of gender equality policies (2018-2022)', funded by the European Union.

Although partial due to the unavailability of data, according to the Study "Moving towards the Gender Equality Index Bosnia and Herzegovina 2022", index shows similar behaviour as in the rest of the WB in almost all the scores and far below EU average.

Accessibility will be ensured in accordance with the UN Convention on the Rights of Persons with Disabilities. Particular attention will be paid to ensuring digital accessibility. People with disabilities face significant barriers in accessing public services, and the need for internet services is especially high among this population. The principle of digital accessibility will be respected through the use of WCAG standards and alignment with Directive (EU) 2019/882 on the accessibility requirements for products and services. The focus will be on implementing accessible digital solutions.

Therefore, wherever possible and applicable, gender dimension shall be taken into account, especially in the process of monitoring where indicators shall be disaggregated by gender and age, especially important in the Policy Area 3.

The Reform Agenda will also contribute to accelerating the green transition in line with the Western Balkans Green Agenda 2020, particularly through the implementation of the National Energy and Climate Plan, a carbon pricing mechanism for decarbonization, and reforms related to renewable energy sources, and energy efficiency.

PART 2: DESCRIPTION OF POLICY AREAS AND RELATED REFORMS

1 POLICY AREA 1: GREEN AND DIGITAL TRANSITION

The green and digital transitions aim to promote inclusion, competitiveness, resilience, and well-being through a net-zero, environmentally friendly economy and society, utilizing digital technology. Coordinated government efforts are necessary to facilitate transitions by aligning policy actions across infrastructure and investment, as well as addressing uneven geographical impacts through local to national coordination. Aligning broad policy areas and levels of government can be challenging due to organizational divisions, communication gaps, political dynamics, and capacity limits. As governments become more reliant on digital infrastructure, keeping those foundations climate-proof is critical to avoiding weather-related economic disruption. Industry also has to improve its energy efficiency and utilize more renewable energy inputs for digital operations.

As one of the key policy areas within the Reform Agenda for Bosnia and Herzegovina, Digital transition is expected to contribute and complement almost all other activities in the Reform agenda as a key enabling factor for business development, public administration access, human capital and retention policy as well as fundamentals through increased transparency of administration.

The Reform Agenda focuses on energy and green dimension aiming to accelerate the inclusive and sustainable green transition through adoption of EU-compatible standards and practices, fostering a competitive and transparent energy market while addressing environmental concerns.

COMPONENT 1.1. SECURE AND SUSTAINABLE DIGITAL INFRASTRUCTURE

REFORM 1.1.1. ENABLE SECURE BROADBAND, INCLUDING 5G ROLL-OUT

The implementation of secure broadband, coupled with the swift and efficient roll-out of 5G technology, marks a transformative leap BIH digital landscape. Secure broadband infrastructure not only ensures the integrity and confidentiality of data transmission but also fortifies networks against malicious threats, safeguarding user privacy and sensitive information. The deployment of 5G networks introduces speed and connectivity by integrating robust security measures.

CHALLENGES

Implementing secure broadband, especially in the context of rolling out 5G networks, poses challenges. Ensuring the security of data transmitted over these networks is crucial, given the sheer volume and sensitivity of information. Creating a map of existing infrastructure, backbone routes to global fiber optics, and mapping all interconnection between providers in the country and neighboring countries is a first step forward. Secondly, the infrastructure required for 5G, demands significant investment and coordination among various stakeholders, including governments, telecom companies, and regulatory bodies. Building the necessary physical infrastructure while observing the security standards. Overcoming these challenges requires a concerted effort from both public and private sectors, emphasizing collaboration, innovation, and most importantly coordination between different government agencies on all government levels based on their mandate and responsibilities while having a single coordinating institution guarantee consistency and coordination with EU regulation as mandated by EU.

BENEFICIARIES

Digital transitions is key reform that will benefit wide range beneficiaries including business, citizens, government agencies, education and others. The impact of digital transition is probably the key reforms that can benefit everyone.

TABLE 11: STEPS WITHIN REFORM 1.1.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
1.1.1.1	Framework Broadband strategy and costed Action Plan adopted by BiH CoM	Ministry of Communications	December 2024
1.1.1.2.	Bodies in place and staffed at all levels for coordination of broadband infrastructure deployment, aligned with EU legislation	Ministry of Communications	June 2025

1.1.1.3.	Legislation at all levels aligned with the EU Broadband Cost Reduction Directive, European Electronic Communications Code, and Gigabit Infrastructure Act	Ministry of Communications	December 2025
1.1.1.4.	New Law on broadband security and 5G infrastructures roll-out implemented in compliance with the EU 5G Cybersecurity Toolbox at all levels	Ministry of Communications	December 2026

STEP 1.1.1.1 Framework Broadband strategy and costed Action Plan adopted by CoMBIH

The goal of the broadband strategy is to provide high-speed Internet access to all citizens. This is particularly important in rural regions, where access to digital resources can help drive economic development and bridge the digital divide. The framework will also identify essential broadband infrastructure and stakeholders. Broadband internet security and the deployment of 5G networks are also essential. Alignment with the EU's 5G network cybersecurity tool will allow BIH to create a strong and secure infrastructure that is prepared for future technological challenges and needs.

It is of essential importance that each entity and state-level government have the necessary resources and tools in place, rather than merely policy targets, to facilitate the effective roll-out of broadband infrastructure at respective levels and roles. The Broadband Framework can differ within two dimensions: operational and strategic Broadband Framework. While strategic Broadband Framework can describes intentions and targets at an abstract level, operational Broadband Framework adds indicators, responsibilities, and timeframes to clarify their measures.

There is no Framework Broadband Strategy in BIH in place and therefore, one needs to be prepared as a prerequisite for any kind of investment planning.

TABLE 12: ACTIVITIES WITHIN STEP 1.1.1.1.

Activity Code	Activity title	Responsibility	Source of verification
1.1.1.1.1.	Create "Strategic development of Broadband for 2023-2027"	CoMBIH, Ministry of communication all levels	Webpage of the Responsible institution during public consultations or Official Gazette
1.1.1.1.2.	Addopt Framework Broadband strategy	CoMBIH, Ministry of communication all levels	Official Gazette or the webpage

STEP 1.1.1.2. Bodies in place and staffed at all levels for coordination of broadband infrastructure deployment, aligned with EU legislation

It is critical that each entity and state-level government have the appropriate resources and capabilities in place to enable the effective roll-out of broadband infrastructure at its specific levels of governmental responsibilities. The Broadband Framework is capable of being divided into two dimensions: operational and strategic Broadband Framework. While the strategic Broadband Framework may lay out intentions and targets in general terms, the operational Broadband Framework defines indicators, responsibilities, and timeframes. The broadband offices' roles will include helping achieve the EU objectives such as Gigabit Society and Digital Decade through the exchange of experiences and best practices of the EU Member States.

TABLE 13: ACTIVITIES WITHIN STEP 1.1.1.2.

Activity Code	Activity title	Responsibility	Source of verification
1.1.1.2.1.	Create national and entity level Action Plan for broadband infrastructure deployment, aligned with EU legislation	Ministry of communication all levels	Official Gazette
1.1.1.2.2.	Create legal framework for creating bodies for coordination of broadband infrastructure deployment on all relevant governmental levels.	Ministry of communication all levels	Official Gazette

Activity Code	Activity title	Responsibility	Source of verification
1.1.1.2.3.	Create broadband offices that are staffed and trained to support broadband infrastructure	Ministry of communication all levels	Council of Ministers Decision on Staffing and Recruitment, Supervision Plan, Supervision Reports, External audit on staff skills and training.
1.1.1.2.4.	Create catalog of existing broadband infrastructure on each level	Ministry of communication all levels	Webpage of the Responsible institution to include public Catalog.
1.1.1.2.5.	Create GIS broadband map based on existing broadband and other communication infrastructure including relevant indicators needed for planning and analysis. Including white, gray and black areas with quality-of-service indicators.	Ministry of communication all levels	Webpage of the Responsible institution publication of GIS maps and catalog

In order to implement the activity 1.1.1.2.3., each entity will have to establish a broadband office, adequately staffed and equipped. It is estimated that each office shall have at least 5 employees. Trainings will have to be organized for employees. It is estimated that the activity shall consume 2,5 million euros within 4 years.

STEP 1.1.1.3. Legislation at all levels across the country aligned with the EU Broadband Cost Reduction Directive, European Electronic Communications Code, and Gigabit Infrastructure Act

The purpose of these reforms is to enable the necessary public infrastructure in the field of information and communication technologies in order to create the necessary preconditions for a more dynamic development of electronic services for the economy and citizens (e-services), as well as a greater degree of digitization of business based on secure and confidential exchange of data and documents.

The Broadband Cost Reduction Directive aims to facilitate and incentivise the roll-out of high-speed electronic communications networks by lowering the costs of deployment with a set of harmonised measures.

European Electronic Communications Code seek to make broadband internet access and voice communications affordable and available throughout Europe through effective competition and choice. Where the needs of consumers are not met by the market, universal service obligations ensure that affordable adequate services are available regardless of personal circumstances like location, income or disability. Broadband internet must have sufficient bandwidth for using important services such as eGovernment, internet banking, and standard quality video calls.

Gigabit Infrastructure Act to ensure faster, cheaper, and simpler rollout of Gigabit networks installation, addressing the main hurdles like expensive and complex procedures for network deployment. The act is also instrumental to achieve the 2030 Digital Decade target on connectivity: ensuring cross-EU access to fast Gigabit connectivity and fast mobile data by 2030.

TABLE 14: ACTIVITIES WITHIN STEP 1.1.1.3.

Activity Code	Activity title	Responsibility	Source of verification
1.1.1.3.1.	Legislative framework at all levels on alignment with EU Broadband Cost Reduction Directive	Ministry of communication all levels, RAK (BIH Communication Regulatory Agency)	Official Gazette.
1.1.1.3.2.	Legislative framework at all levels on alignment with European Electronic Communications Code	Ministry of communication all levels, RAK (BIH Communication Regulatory Agency)	Official Gazette.
1.1.1.3.3.	Legislative framework at all levels on alignment with Gigabit Infrastructure Act	Ministry of communication all levels, RAK (BIH Communication Regulatory Agency)	Official Gazette.

STEP 1.1.1.4 New Law on broadband security and 5G infrastructures roll-out implemented in full compliance with the EU 5G Cybersecurity Toolbox at all levels

TABLE 15: ACTIVITIES WITHIN STEP 1.1.1.4.

Activity Code	Activity title	Responsibility	Source of verification
1.1.1.4.1.	Legislative framework on Law on broadband security in compliance with EU 5G Cybersecurity Toolbox	Ministry of communication all levels, MoS BiH	Official Gazette.
1.1.1.4.2.	Create strategic plan for 5G implementation and 5G spectrum roadmap	Ministry of communication all levels	Webpage of the Responsible institution or Official Gazette
1.1.1.4.3.	5G multi-ban auction	Ministry of communication, RAK (BIH Communication Regulatory Agency)	Webpage of the Responsible institution
1.1.1.4.4.	Licensing approval for 5G spectrum based on harmonized EU Decision	RAK (BIH Communication Regulatory Agency)	Webpage of the Responsible institution
1.1.1.4.5.	Adopted resolution on 5G Pilot Cities	Ministry of communication all levels, RAK (BIH Communication Regulatory Agency)	Webpage of the Responsible institution
1.1.1.4.6.	5G Rollout with target of 33% household coverage	Ministry of communication all levels, RAK (BIH Communication Regulatory Agency)	Webpage of the Responsible institution or Official Gazette

Activity 1.1.1.4.3. “5G multi-bad auction” has the potential to be a great source of government revenue. For example, in Croatia, the total amount of RF spectrum fees achieved in the public auction was approx.. 50 milion EUR.

In order to implement activity 1.1.1.4.6., a large investment in the new 5G technology and based on technical specifications for 5G a large number of new base stations will need to be built. It is estimated it can cost 3-5 billion EUR based on Ericsson 5G in emerging markets estimate. These total costs will greatly depend on a decision on the number of cities and population coverage, ensuring that the auction process is not overlapping with project preparation (TA) through WBIF

COMPONENT 1.2. – DIGITALIZATION OF PUBLIC SERVICES

REFORM 1.2.1. DEVELOP AN E-GOVERNANCE FRAMEWORK

Developing an e-governance framework is paramount in navigating the complexities of modern governance with efficiency, transparency, and inclusivity. Such a framework encompasses the seamless integration of digital technologies to streamline administrative processes, enhance service delivery, and foster citizen engagement. By leveraging digital platforms for interoperability, data management, and decision-making, governments can ensure accessibility to information and services for all citizens. Moreover, an effective e-governance framework promotes accountability and responsiveness by increasing transparency with Open Data regulation.

CHALLENGES

The digitalization of public services presents a host of challenges that governments and organizations must navigate. Ensuring access to digital platforms and services is critical, this can be done by increasing the number of digital services that are most relevant to citizens and businesses. Moreover, maintaining cybersecurity measures to protect sensitive citizen and governmental data from cyber threats and breaches. Addressing privacy concerns and establishing clear regulatory frameworks to govern data usage and protection are essential for building public trust in digital services. Considering the current track record, promoting user adoption and engagement is key for sustainable digitalization. Overcoming these challenges demands comprehensive planning, collaboration across sectors, and coordination between government agencies at all levels.

BENEFICIARIES

Implementation of true eIDAS digital identity will mostly benefit citizens allowing for digital transition. Opening doors for large-scale digitization of public services and addressing one of the key issues till now like signing applications on behalf of citizens and allowing the government to issue digital decisions.

TABLE 16: STEPS WITHIN REFORM 1.2.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
1.2.1.1.	Adoption of the Law on electronic identity and trust services for electronic transactions in line with the EU Acquis and subsequent harmonized entity legislation. The law has to include the single supervisory body for the whole country in line with the eIDAS Regulation	Ministry of communication all levels, Ministries of Internal Affairs all levels	December 2024
1.2.1.2.	Adoption and implementation of the interoperability framework enabling exchange of data between different administrative levels	Ministry of communication all levels	December 2026
1.2.1.3.	Legal Framework for Open Data Directive and e-Privacy Directive Including legislative alignment to existing laws.	Ministry of communication all levels	December 2027
1.2.1.4.	Digital Identity Wallet Framework in place, including Architecture and Reference Framework	Ministry of communication all levels	December 2026
1.2.1.5.	National Digital Identity Wallet in compliance with new EU Digital Identity Framework' in place	Ministry of communication all levels	June 2027

STEP 1.2.1.1. Adoption of the Law on electronic identity and trust services for electronic transactions. The law has to include the single supervisory body for the whole country in line with the eIDAS Regulation

The adoption of the Law on electronic identification and trust services for electronic transactions marks a first step forward to provide a regulatory environment for secure and seamless electronic interactions aligned with EU eIDAS 2.0 regulation.

The Regulation enables the use of electronic identification means and trust services (i.e. electronic signatures, electronic seals, time stamping, registered electronic delivery, and website authentication) to access on-line services or manage electronic transactions. By creating a regulatory environment to enable secure and seamless electronic interactions between businesses, citizens and public authorities throughout the entire EU.

TABLE 17: ACTIVITIES WITHIN STEP 1.2.1.1.

Activity Code	Activity title	Responsibility	Source of verification
1.2.1.1.1.	Legal framework on electronic identity and trust services for electronic transactions aligned with eIDAS 2.0 regulation	Ministry of communication all levels	Official Gazette.
1.2.1.1.2.	Subsequent harmonized entity legislation to align with new BIH Law on electronic identity and trust services for electronic transactions in line with the eIDAS.	Ministry of communication all levels, Ministries of Internal Affairs all levels	Official Gazette.
1.2.1.1.3.	Create and operationalise the single supervisory body for the whole country in line with the eIDAS Regulation (Commission Implementing Decision (CID) EU 2015/296 of Article 12(7) of the eIDAS Regulation, recital (4))	Ministry of communication all levels, Ministries of Internal Affairs all levels	Council of Ministers Decision on Staffing and Recruitment Plan, Supervision Plan, Supervision Reports
1.2.1.1.4.	Acceptance of single supervisory body in to eIDAS Network	Ministry of communication all levels	eIDAS network webpage
1.2.1.1.5.	Develop implementation plan for eIDAS certification by allowing trust providers to achieve eIDAS certification and requirements	Ministry of communication all levels	Official Gazette.

eIDAS regulation is linked to Open Data Directive and e-Privacy Directive and coordination and alignment between these activities required.

In order to implement activity 1.2.1.2.3, the implementation of infrastructure to support interoperability framework will need investment in infrastructure, connectivity, and the creation of interfaces to collect data from multiple sources. It is estimated that the activity shall consume 3,0 million euros within 4 years, ensuring that this investment is not proposed for RGF support through the WBIF.

STEP 1.2.1.2. Adoption and implementation of the interoperability framework enabling exchange of data between different administrative levels

Public administrations should save time, reduce costs, increase transparency, and improve both data quality and the delivery of public services. Public administrations should provide key interoperable user-centric digital public services to businesses and citizens, at national and Union levels, supporting the free movement of goods, people, services, and data throughout the Union. Public administrations manage large amounts of data in different formats, using different data management methods.

TABLE 18: ACTIVITIES WITHIN STEP 1.2.1.2.

Activity Code	Activity title	Responsibility	Source of verification
1.2.1.2.1.	Adoption of legal framework for interoperability framework enabling exchange of data between different administrative levels as mandatory data exchange protocol. To be aligned with Open Data Directive and e-Privacy Directive activities.	Ministry of communication all levels, Ministry of Justice all levels, Data owners	Official Gazette.
1.2.1.2.2.	Create the interoperability working group on all administrative levels to create a priority list of data to part of interoperability framework	Ministry of communication all levels, Ministry of Justice all levels, Data owners	Official Gazette
1.2.1.2.3.	Developing and implementing interoperability framework infrastructure on different administrative levels	Ministry of communication all levels, Ministry of Justice all levels, Data owners	Webpage of the responsible institutions

In order to implement activity 1.2.1.2.3, the implementation of infrastructure to support interoperability framework will need investment in infrastructure, connectivity, and the creation of interfaces to collect data from multiple sources. It is estimated that the activity shall consume 3,0 million euros within 4 years.

STEP 1.2.1.3. Legislation aligned with Open Data Directive and e-Privacy Directive.

The Open Data Directive and e-Privacy Directive will promote transparency in data allowing for an increase in public administration efficiency. The Open Data Directive focuses on the economic aspects of the re-use of information rather than on access to information by citizens. It encourages EU countries to make as much information available for reuse as possible. It addresses material held by public sector bodies in EU countries, at national, regional and local levels.

While e-Privacy Directive is an EU directive on data protection and privacy in the digital age. It regulates cookie usage, email marketing, data minimization, and other aspects of data privacy. For example, it requires that a website obtain a user's consent before storing user data.

TABLE 19: ACTIVITIES WITHIN STEP 1.2.1.3.

Activity Code	Activity title	Responsibility	Source of verification
1.2.1.3.1.	Legal framework on Open Data Directive mandating Open Data by design on all new IT systems.	Ministry of communication all levels, Ministry of Justice all levels, Data owners	Official Gazette.
1.2.1.3.2.	Create the Open Data working group on all administrative levels to create a likely of Open Data Sets and services	Ministry of communication all levels, Ministry of Justice all levels , Data owners	Official Gazette
1.2.1.3.3.	Create Open Data portal for all administrative levels including open data catalog, offer open data sets to public from different data sources.	Ministry of communication all levels, Ministry of Justice all levels, Data owners	Webpage with public online catalog of Open Data services

1.2.1.3.4.	Legal framework on e-Privacy Directive	Ministry of communication all levels, Ministry of Justice all levels	Official Gazette.
1.2.1.3.5.	Impact analysis of e-privacy directives and GDPR on existing government services.	Ministry of communication all levels, Ministry of Justice all levels	Official Gazette
1.2.1.3.6.	Implementation of changes as required by e-Privacy Directive on existing government services.	Systems owners that have sensitive data	Official Gazette.

STEP 1.2.1.4. Digital Identity Wallet Framework in place, including Architecture and Reference Framework

The EU Digital Identity Wallet allows you to manage and determine when and with whom your data is shared. It is a secure and simple means for EU citizens, residents, and businesses to verify their identities when using digital services. The platform will allow clients to securely retrieve, store, and share essential digital documents, as well as electronically sign or seal them. It will facilitate the public sector's digital transformation, allowing for greater access to digital services, including across borders. Businesses will find it easier to provide online services across Europe since the wallet ensures safe authentication for all potential customers in the EU.

TABLE 20: ACTIVITIES WITHIN STEP 1.2.1.4.

Activity Code	Activity title	Responsibility	Source of verification
1.2.1.4.1.	Legal framework aligned with EU Digital Identity Wallet Framework including Architecture and Reference Framework	Ministry of communication all levels, Ministries of Internal Affairs, Ministry of Justice all levels	Official Gazette.

STEP 1.2.1.5. National Digital Identity Wallet in compliance with new EU Digital Identity Framework' in place

The platform will enable clients to safely obtain, store and share important digital documents and electronically sign or seal documents. Providing the documents needed to open a new bank account, enrol in a university abroad, or apply for your next dream job will be both easy and secure. And your privacy will always be respected; you control what data is shared and who has access to it. It will facilitate the public sector's digital transformation, allowing for greater access to digital services.

TABLE 21: ACTIVITIES WITHIN STEP 1.2.1.5.

Activity Code	Activity title	Responsibility	Source of verification
1.2.1.5.1.	Create implementation plan for Digital Identity Wallet Framework	Ministry of communication all levels, Data Owners and e-government	Implementation Plan
1.2.1.5.2.	Digital Identity Wallet - to include the at least one Mutual Recognition Agreement (MRA) with one of the other WB6 countries, to demonstrate readiness to participate in the Balkan Identity Wallet	Ministry of communication all levels, WB6 participant country.	Council of Ministers Decision formal adoption of Implementation Plan including relevant Ministries
1.2.1.5.3.	Create services to support Digital Wallet and allow creation and sharing digital documents	Ministry of communication all levels, Data Owners and e-government	Webpage promoting Digital Wallet

To implement the activity 1.2.1.5.2., Digital Wallet will have to build technical platform to manage digital documents. It is estimated that the activity shall consume 11 million euros within 4 years.

COMPONENT 1.3. CYBERSECURITY

REFORM 1.3.1. SET UP A COMPREHENSIVE FRAMEWORK FOR CYBER RESILIENCE (INTRODUCING REQUIREMENTS OF NIS2 DIRECTIVE AND STRENGTHENING RELEVANT INSTITUTIONS AT ALL LEVELS OF GOVERNMENT)

Setting up a comprehensive framework for cyber resilience is crucial for digital e-government landscape. By aligning the framework with the requirements of the EU NIS2 Directive, we should build systems that are secure against cyber threats. Strengthening relevant institutions at all levels of government is essential to effectively implement and enforce this framework. By investing in cybersecurity measures and training, we can better protect our essential and important entities as defined by NIS2. The cyber resilience framework to help define and safeguard e-government services ensuring the trust and stability. This framework will ensure that CSIRT response teams will be able to respond to cyber incidents.

CHALLENGES

Implementing the cybersecurity framework outlined in the EU NIS2 Directive presents challenges. Harmonizing cybersecurity practices across diverse sectors including government sectors on all levels with the European Union requires navigating differing levels of technological maturity, regulatory interpretation, and organizational readiness. Ensuring compliance with stringent security standards and very timely reporting requirements demands significant resources and expertise from both public and private entities. Additionally, promoting a culture of cybersecurity awareness and resilience among stakeholders is crucial for effective implementation. The EU NIS2 Directives require a single point of contact and a very strict reporting timeframe which will require training, investments, and coordination on all levels of government while facilitating knowledge sharing across European countries. Just creating an analysis of which organizations are “essential” or “important” based on the NIS2 Directive will demand complex coordination between all government levels and industries in addition to a deep understanding of cybersecurity, IT audits, and NIS2 Directive requirements. Finally, one of the key challenges will be to ensure skilled cybersecurity experts are part of government services and can be attracted to stay and make continuous improvements in their cybersecurity skill sets.

BENEFICIARIES

Implementation of cyber security resilience will benefit most government agencies. It will also impact multiple sectors based on the NIS2 identification of “essential” or “important” organizations.

TABLE 22: STEPS WITHIN REFORM 1.3.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
1.3.1.1	Single point of contact in the sense of NIS2 Directive is established	Ministry of communication all levels, Ministry of Security all levels	June 2025
1.3.1.2.	State and entity-level CSIRTs are operational in line with NIS2 requirements and reach SIM3 model FIRST membership maturity profile. Clear coordination mechanisms are set out among the CSIRTs in the country	Ministry of communication all levels, Ministry of Security all levels	June 2025
1.3.1.3.	Competent authorities as defined in the NIS2 are operational on state, entity and Brcko District levels: sufficiently staffed, equipped with supervisory powers, performing supervisory checks	Ministry of communication all levels	December 2025
1.3.1.4.	Lists of entities in scope of the state, entity and Brcko District level laws corresponding to the NIS2 Directive are finalized	Ministry of communication all levels, Ministries of Industry, Health Industry, Transport, and many others (see NIS2 essential industries)	June 2026
1.3.1.5.	Frameworks introduced by NIS2 alignment (Coordinated Vulnerability Disclosure framework, crisis management framework), are in place and in use	Ministry of communication all levels, Ministry of Security all levels	December 2026

STEP 1.3.1.1. Single point of contact in the sense of NIS2 Directive is established

NIS2 requires that all cybersecurity incidents be reported, whether or not the attack affected the entity’s operations. This is to assist authorities in better monitoring and responding to any threats. The NIS2 requirement that each EU

member state appoint a central point of contact for compliance and a coordinating Computer Security Incident Response Team (CSIRT) for incident reporting, as well as a competent authority. The Directive describes in great detail the process of reporting incidents that have a significant effect. Failure to comply with the NIS2 Directive comes with stricter penalties.

TABLE 23: ACTIVITIES WITHIN STEP 1.3.1.1.

Activity Code	Activity title	Responsibility	Source of verification
1.3.1.1.1.	Adoption of legal framework for NIS2 Directive	Ministry of communication all levels	Official Gazette.
1.3.1.1.2.	Create the Single point of contact to enable cross-border cooperation between authorities based on NIS2 Directive	Ministry of communication all levels	Official Gazette
1.3.1.1.3.	Operationalized and educate team as part of NIS2 Single point of contact	Ministry of communication all levels	Council of Ministers Decision on Staffing and Recruitment Plan, Supervision Plan, Supervision Reports Training Reports
1.3.1.1.4.	Adoption of legal framework for cybersecurity laws based on NIS 2	Ministry of communication all levels	Official Gazette.

STEP 1.3.1.2. State and entity-level CSIRTs are operational in line with NIS2 requirements and reach SIM3 model FIRST membership maturity profile. Clear coordination mechanisms are set out among the CSIRTs in the country

NIS2 requires that all cybersecurity incidents be reported, whether or not the attack affected the entity’s operations. This is to assist authorities in better monitoring and responding to any threats. The new Directive foresees a multiple –stage approach to incident reporting. Affected entities have 24 hours from the time they first become aware of an incident to submit an early warning to the CSIRT, during which time they can also seek assistance (guidance or operational advice on the implementation of potential mitigation measures) if they so desire.

The early warning should be followed by an incident notice within 72 hours after learning about the issue, and a final report no later than one month later. Failure to comply with the NIS2 Directive comes with stricter penalties. The administrative fines can be up to €10,000,000 or at least 2% of the total annual worldwide turnover in the previous fiscal year or €7,000,000 or at least 1.4% for important entities.

TABLE 24: ACTIVITIES WITHIN STEP 1.3.1.2.

Activity Code	Activity title	Responsibility	Source of verification
1.3.1.2.1.	Create action plan and responsibilities for action plan State and entity-level CSIRTs <i>in line with NIS2 requirements</i>	Ministry of communication all levels	Official Gazette
1.3.1.2.2.	Adoption of legal framework for State and entity-level CSIRTs <i>in line with NIS2 requirements</i>	Ministry of communication all levels	Official Gazette.
1.3.1.2.3.	Create, educate and ensure capability and capacity of CSIRT team <i>in line with NIS2 requirements</i>	Ministry of communication all levels	Council of Ministers Decision on Staffing and Recruitment Plan, Supervision Plan, Supervision Reports. External audit of CSIRT team.

1.3.1.2.4.	<i>State and entity-level CSIRTs reach SIM3 model FIRST membership maturity profile</i>	Ministry of communication all levels	Audt report by Certified SIM3 Auditors
------------	---	--------------------------------------	--

In order to implement the activity 1.3.1.2.4., CSIRTs teams needs to be adequately staffed and equipped. It is estimated that office shall have at least 7 employees. Technical trainings will have to be organized for employees. It is estimated that the activity shall consume 1,5 million euros within 4 years per each CSIRT team.

STEP 1.3.1.3. Competent authorities as defined in the NIS2 are operational on state, entity and Brcko District levels: sufficiently staffed, equipped with supervisory powers, performing supervisory checks

Another significant component is cyber security, with the goal of quickly enacting the Law in compliance with the NIS2 Directive, State and entity-level CSIRTs to be operational in line with NIS2 requirements and reach SIM3 mode. In order to preserve the integrity and security of public and private infrastructure, it is imperative to establish an efficient framework for cyber resilience that includes crisis management procedures and coordinated vulnerability detection. This will guarantee that key economic sectors and state institutions can respond appropriately to cyber threats.

TABLE 25: ACTIVITIES WITHIN STEP 1.3.1.3.

Activity Code	Activity title	Responsibility	Source of verification
1.3.1.3.1.	Create team of competent authorities based on industries as defined by NIS2	All ministries, experts in industry	Council of Ministers Decision
1.3.1.3.2.	Ensure competent authorities sufficiently staffed (based on international good practices), equipped with supervisory powers, performing supervisory checks as defined by NIS2	Ministry of communication all levels , Ministry of Security all levels	Council of Ministers Decision on Staffing and Recruitment Plan, Supervision Plan, Supervision Reports

STEP 1.3.1.4. Lists of entities in scope of the state, entity and Brcko District level laws corresponding to the NIS2 Directive are finalized

The NIS 2 requirement for all in-scope entities to take “appropriate and proportional technical, operational and organisational measures” to manage the risks posted to the security of their systems that are used for operations or provision of services. The Directive impacts multiple sectors based on the NIS2 identification of “essential” or “important” entities. NIS 2 obliges ‘essential’ entities to report and engage with the designated authorities in relation to cybersecurity incidents and threats. Essential list includes the entities such as: energy, drinking water, wastewater, transportation, banking, financial markets, governments, healthcare and many more.

TABLE 26: ACTIVITIES WITHIN STEP 1.3.1.4.

Activity Code	Activity title	Responsibility	Source of verification
1.3.1.4.1.	Create by-law to identify Essential Entities, important Entities, critical sectors, significant incidents, and BIH specific include and exclude criteria as defined under NIS2	All ministries, experts in industry	Official Gazette
1.3.1.4.2.	Lists of entities in scope of the state, entity and Brcko District level	All ministries, experts in industry	non-public document, The Formal declaration of the Council of Ministers that NIS2 entities has been identified and informed based on NIS2 rullles.

STEP 1.3.1.5. Frameworks introduced by NIS2 alignment (Coordinated Vulnerability Disclosure framework, crisis management framework), are in place and in use

European Union Agency for Cybersecurity (ENISA) is creating the harmonised approach in coordinated vulnerability disclosure (CVD). ENISA actively promotes CVD and supported CSIRTs in the adoption and development of CVD policies at the national level by continuously published guidelines, recommendations and analyses. It also maintains the

EU centralized database called European Vulnerability Database (EUVD) to enables transparent access to enriched vulnerability information provided by multiple sources and national CSIRTs.

TABLE 27: ACTIVITIES WITHIN STEP 1.3.1.5.

Activity Code	Activity title	Responsibility	Source of verification
1.3.1.5.1.	Create Framework ensuring NIS2 alignment (Coordinated Vulnerability Disclosure framework, crisis management framework)	Ministry of communication all levels, , Ministry of Security all levels	Official Gazette
1.3.1.5.2.	In place and operational Coordinated Vulnerability Disclosure framework, crisis management framework	Ministry of communication all levels, , Ministry of Security all levels	Performance and incidents reports.

COMPONENT 1.4. MARKET REFORMS

REFORM 1.4.1. – FULL IMPLEMENTATION OF THE 3RD ENERGY PACKAGE FOR ELECTRICITY AND GAS AND THE ELECTRICITY INTEGRATION PACKAGE, INCLUDING APPOINTMENT OF NEMO, UNBUNDLING, GRADUAL TARIFF ADJUSTMENT AND MARKET COUPLING

Bosnia and Herzegovina is a contracting party of the Energy Community Treaty. The obligations and reforms listed below are binding for BiH by the Agreement and the decisions of the Ministerial Council.

BiH is strongly committed to fully align its legislation with the EU Third Energy Package which creates the foundation of the EU internal energy market. Transposition of provisions of EU *acquis* will address the need to liberalise BiH electricity and gas markets, to separate energy supply and generation from the operation of transmission networks (unbundling), create requirements for independent regulators, empower energy consumers by providing them with greater choice, transparency, and protection consumer rights in retail markets. This commitment was reiterated by the Decision of the Ministerial Council of the Energy Community of December 15, 2022.

BiH has already taken some steps to draft the Law on Transmission, Regulator and System Operator of Electricity in BiH. The main goal of drafting the Law is to create legal ground for the establishment of an organized market Intraday and Day-ahead market and its integration with the regional electricity market. The amendments to the Law on Transmission, Regulator, and System Operator of Electricity in BiH will have significant implications for the country's electricity sector. The amendments will enable reform of transmission system framework; market regulation and liberalisation as well as integration with the regional market. Furthermore, Bosnia and Herzegovina will define a "Nominated Electricity Market Operator" (NEMO) to perform tasks related to single day-ahead connection or single intraday connection as provided by the EU *acquis*. The relevant provisions of the EU *acquis* will be transposed by the adoption of the Law on Transmission, Regulator and System Operator of Electricity in BiH, as well as related by-laws.

In addition with the alignment of the current legislation with the electricity integration package Bosnia and Herzegovina will work on fulfilling preconditions for obtaining the exemption from the Carbon Boarder Adjustment Mechanism (CBAM) by establishing its Emissions Trading System (ETS), establishing power exchange and coupling its electricity market with the region.

Equally, the Third Energy Package in the gas sector mirrors the measures implemented in the electricity sector and aims to create a more competitive, integrated, and sustainable gas market within the European Union. BiH will adopt legislation on gas fully aligned with the provisions of the Third Energy Package. Transposition of relevant provisions of the EU *acquis* will enable the liberalization of the gas market in BiH.

Consequently, the implementation of reforms will lead to further liberalisation and integration of the BiH market into the single European energy market.

CHALLENGES

The energy sector in BiH faces several significant challenges that impact its development, efficiency, and sustainability. Complex governance structure complicates policy implementation and sector coordination. Lack of a coherent, nationwide energy policy hinders the development of a cohesive and efficient energy sector. The energy market in BiH is not fully liberalized, it is characterised by significant state control over production and distribution. This limits competition and efficiency. Aligning BiH's energy market with EU regulations and standards is challenging but necessary for market liberalization and integration with the broader European energy market.

BENEFICIARIES

Implementation of energy reform in BiH includes various stakeholders, from the public enterprises to the wider community. The ultimate beneficiaries are consumers. Consumers will be protected from unfair practices, ensuring they receive reliable and transparent information about their energy use and costs. Improved transparency and information as well as enhanced security of supply will be beneficial for the consumers.

TABLE 28: STEPS WITHIN REFORM 1.4.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
1.4.1.1.	Legislation at State level in the field of electricity is adopted and fully aligned with the Third Energy Package and the Electricity Integration Package	BIH (MoFTER); FBiH (FMERI); RS (MER), BDBiH	June 2025
1.4.1.2.	Legislation in the field of gas is adopted and fully aligned with the Third Energy Package	BIH (MoFTER); FBiH (FMERI); RS (MER), BDBiH	December 2024
1.4.1.3.	Appoint one Nominated Electricity Market Operator (NEMO)	BIH (MoFTER), (DERK)	December 2025
1.4.1.4.	Unbundling and certification of all electricity distribution and transmission system operators (DSO and TSO) in line with the Third Energy Package	BIH (MoFTER), (DERK); FBiH (FMERI); RS (MER)	June 2025
1.4.1.5.	Continue implementation of the electricity integration package in line with Energy Community requirements, including: Open the day-ahead and intraday market (establishment of power exchange) Continue implementation of the electricity integration package by the TSO and NEMOs joining day ahead market coupling with the EU. (December 2025)	BIH (MoFTER), (DERK); FBiH (FMERI); RS (MER)	December 2025
1.4.1.6.	Electricity price for households reflect the market costs in line with EU best practice (for ex. linking bilateral supply contracts between the generator and the supplier of electricity to annual average of the day-ahead market price)	BIH (MoFTER), (DERK); FBiH (FMERI), (FERK); RS (MER), (RERS)	December 2027

Step 1.4.1.1. Legislation at State level in the field of electricity is adopted and fully aligned with the Third Energy Package and the Electricity Integration Package

The legal regulation defined at the state level of Bosnia and Herzegovina, which touches on the issue of energy security and the internal electricity market, is provided by the Law on Transmission of Electric Power, Regulator and System Operator of Bosnia and Herzegovina.

The adoption of the Law will enable the definition of network codes, the establishment of the electricity exchange stock market, the nomination of NEMO, the electricity market coupling with regional markets. By-laws will prescribe in detail the implementation of the provisions of the Law on Transmission, Regulator and System Operator of Electricity in BiH.

The amendments to the Law on Transmission, Regulator, and System Operator of Electricity in BiH will have significant implications for the country's electricity sector. The amendments will enable reform of transmission system framework; market regulation and liberalisation as well as integration with the regional market

TABLE 29: ACTIVITIES WITHIN STEP 1.4.1.1.

Activity Code	Activity title	Responsibility	Source of verification
1.4.1.1.1	Adoption of the Law on Transmission, Regulator and System Operator of Electricity in BiH	CoMBiH, PABiH	Official Gazette of BiH
1.4.1.1.2	Adoption of sub-legal acts based on the Law on Transmission, Regulator and System Operator of Electricity in BiH	BiH (MoFTER), (SERC), (NOSBiH), (TRANSCO);	Official Gazette of BiH, FBiH, RS

Step 1.4.1.2. Legislation in the field of gas is adopted and fully aligned with the Third Energy Package

BiH does not have an adequate legal and regulatory framework to regulate the natural gas sector. There is complex and fragmented administrative framework which requires the preparation and adoption of the specific legal documents as well as the strengthening of the administrative capacity. The lack of an appropriate legal framework constitutes a very serious obstacle to the development of the gas sector in BiH and harms energy consumers. Adoption of the law will bring Bosnia and Herzegovina's legal framework in the gas sector in compliance with the Third Energy.

The lack of a regulatory authority to cover the entire gas sector in BiH as well as the lack of unbundling of transmission system operators, adequate network tariffs and market opening are some of the issues of non-compliance.

The new Law will create necessary conditions for resolution of capacity allocation, the development of the transport network, balancing, the gas market, the establishment of unique network rules, the certification and separation of transport system operators and other issues for the natural gas sector.

Parallel with adoption of the new law BiH will strengthen its capacities for implementation. The strengthening of capacities will be implemented through the series of the trainings provided to all stakeholders involved.

TABLE 30: ACTIVITIES WITHIN STEP 1.4.1.2.

Activity Code	Activity title	Responsibility	Source of verification
1.4.1.2.1	Adoption of Legislation on gas	CoMBiH, PABiH	Official Gazette
1.4.1.2.2	Strengthening of administrative capacities through implementation of series of trainings provided to all stakeholders involved	BiH (MoFTER), (BDBiH); FBiH (FMER); RS (MER)	SAA Subcommittee on Transport, Energy, Environment and Regional Development papers

STEP 1.4.1.3. Appoint one Nominated Electricity Market Operator (NEMO)

TABLE 31: ACTIVITIES WITHIN STEP 1.4.1.3.

Activity Code	Activity title	Responsibility	Source of verification
1.4.1.3.1	Adoption of Law on Transmission, Regulator and System Operator of Electricity in BiH	CoMBiH, PABiH	Official Gazette
1.4.1.3.2	Adoption of sub-legal acts based on the Law on Transmission, Regulator and System Operator of Electricity in BiH	BiH (CoMBiH), (MoFTER), (DERK), (NOSBiH), (TRANSCO);	Official Gazette
1.4.1.3.3	One Nominated Electricity Market Operator (NEMO) appointed	BiH (CoMBiH), (DERK)	Official Gazette

Step 1.4.1.4. Unbundling and certification of all electricity distribution and transmission system operators (DSO and TSO) in line with the Third Energy Package

TABLE 32: ACTIVITIES WITHIN STEP 1.4.1.4.

Activity Code	Activity title	Responsibility	Source of verification
1.4.1.4.1	Adoption of Law on Transmission, Regulator and System Operator of Electricity in BiH	CoMBiH, PABiH	Official Gazette
1.4.1.4.2	Adoption of sub-legal acts based on the Law on Transmission, Regulator and System Operator of Electricity in BiH	BiH (CoMBiH), (MoFTER), (DERK), (NOSBiH), (TRANSCO);	Official Gazette
1.4.1.4.3	Process of unbundling and certification done in line with the Third Energy Package		Decisions adopted by TSOs and DSOs regarding the process of unbundling and certification. Decision that the TSO/DSO is certified
1.4.1.4.4	Strengthening of administrative capacities through implementation of series of trainings provided to all stakeholders involved	BiH (MoFTER), (BDBiH); FBiH (FMERI); RS (MER)	Activity reports of competent institutions

Step 1.4.1.5. Continue implementation of the electricity integration package in line with Energy Community requirements

TABLE 33: ACTIVITIES WITHIN STEP 1.4.1.5.

Activity Code	Activity title	Responsibility	Source of verification
1.4.1.5.1	Adoption of Law on Transmission, Regulator and System Operator of Electricity in BiH	CoMBiH, PABiH	Official Gazette
1.4.1.5.2	Adoption of sub-legal acts based on the Law adopted	BiH (CoMBiH), (MoFTER), (DERK), (NOSBiH), (TRANSCO);	Official Gazette
1.4.1.5.3	Open the day-ahead and intraday market (establishment of power exchange)	BiH (CoMBiH), (MoFTER), (DERK), (NOSBiH),	Reports for SAA Subcommittee on Transport, Energy, Environment and Regional Development papers
1.4.1.5.4	Continue implementation of the electricity integration package by the TSO and NEMOs joining day ahead market coupling with the EU	BiH (CoMBiH), (MoFTER), (DERK), (NOSBiH), (TRANSCO);	Reports for SAA Subcommittee on Transport, Energy, Environment and Regional Development papers

Step 1.4.1.6. Electricity price for households reflect the market costs

One of the measures in the energy sector reform is the gradual adjustment of electricity tariffs to market prices. This process aims to create a more competitive and transparent market environment, where prices are determined by supply and demand rather than public intervention. Through adjustment of tariffs with market prices, BiH seeks to enlarge investment in the energy sector, improve cost-recovery mechanisms for electricity producers, and enhance the overall efficiency of the electricity market.

The first step BiH will initiate preparation of the study aiming to develop different scenarios for deregulations of energy prices. Based on the result of study BiH will design and implement future measures. The activity is planned to be implemented in 2025. For the implementation of the activity BiH will request technical support from the donors.

TABLE 34: ACTIVITIES WITHIN STEP 1.4.1.6.

Activity Code	Activity title	Responsibility	Source of verification
1.4.1.6.1	Drafting Study on electricity prices	BiH (MoFTER), (BDBiH); FBiH (FMERI); RS (MER)	Web pages of the competent authorities

1.4.1.6.2	Strengthening of administrative capacities through implementation of series of trainings provided to all stakeholders involved	BiH (MoFTER), (BDBiH); FBiH (FMERI); RS (MER)	Activity reports of competent authorities
1.4.1.6.3	Taking action on the basis of the results of the study	BiH (CoMBiH), GoVFBiH, GoVRS	Activity reports of competent authorities

COMPONENT – 1.5. DECARBONISATION POLICY AND ETS ADOPTION

BiH undertook a set of obligations by signing the Sofia Declaration on the Green Agenda for the Western Balkans (2020) following the 2030 UN Agenda, the Paris Agreement (2015) and the European Green Deal (2019), as well as the Treaty establishing Energy Community. The implementation of the commitments will lead to mitigation of climate change and environmental protection.

A key activity in the coming period is the finalisation and approval of the integrated National Energy and Climate Plan (NECP). This document will define policies and measures to achieve the objectives in the period up to 2030 including the reduction of greenhouse gas emissions, energy from renewable sources, energy efficiency and electricity interconnection. NECP will play a critical role in driving the transition to a sustainable and resilient energy system, delivering economic, social, and environmental benefits.

A system of trading greenhouse gas emission units will be designed to achieve the EU's climate objectives by reducing greenhouse gas emissions in a cost-effective and economical way, based on the principle of *cap and trade*.

Accelerating coal transitions will impact workers and communities that depend on coal. For that reason, comprehensive stakeholder engagement and a set of policies to manage negative impacts will be developed. These need to cover the creation of decent work opportunities, support for workers affected by energy transitions and respect for fundamental labour principles and rights. The goal is to reach 20% of active workers/miners/workforce in coal regions reskilled by June 2027.

BiH will adopt climate legislation aligned with EU Climate Law including commitments to climate neutrality. The Law will also create legal bases for establishment of Monitoring, Reporting, Verification, and Accounting (MRVA). MRVA will support the BiH's energy and climate policies, helping to track progress towards renewables, energy efficiency and emissions reduction targets.

CHALLENGES

Decarbonization policies and the adoption of ETS are critical tools in the fight against climate change. However, they come with significant challenges. Decarbonization often requires significant investments in new technologies and processes. Industries, particularly energy-intensive ones, may face increased operational costs, which can impact their competitiveness. Transitioning to a low-carbon economy may result in job losses in certain sectors, such as coal mining and fossil fuel industries, leading to social and economic challenges in affected regions. Carbon pricing and ETS can lead to higher energy prices, which may disproportionately affect low-income households and small businesses. Decarbonization and the transition to a low-carbon economy require substantial financial resources. Mobilizing investments from both public and private sectors is essential but challenging.

Decarbonization requires consistent and stable policy frameworks. Unstable legal and administrative framework can create uncertainty and hinder investments. Implementing and enforcing regulations across various sectors and regions can be complex. Ensuring compliance and preventing loopholes require robust regulatory mechanisms.

BENEFICIARIES

Decarbonization policies and ETS adoption benefit a wide range of stakeholders by promoting environmental sustainability, public health, economic growth, and social well-being. It has implications for environment and public health, business and industry, consumers, local communities, global community, future generations.

REFORM 1.5.1. – IMPLEMENTATION OF THE NECP AND OTHER RELATED STRATEGIC DOCUMENTS (ROADMAP FOR JUST TRANSITION IN COAL REGIONS).

The most significant activity in the coming period is the completion of BiH NECP. This document will contain objectives as well as reform of the energy sector following climate objectives until 2030, with projections until 2050. Adoption of the document is planned for the end of 2024. At the same time, the development of NECP of the Republika Srpska and

the Federation of Bosnia and Herzegovina is progressing. The adoption is planned for the fourth quarter of 2024 after the public consultation.

About 14 major mines are currently active in BiH. 16.2 thousand workers (baseline) are employed in coal mines and thermal power plants: 11.5 thousand in Federation of Bosnia and Herzegovina and 4.7 thousand in Republika Srpska - 2.4 thousand workers are employed upstream in the coal value chain in firms dependent on mines and TPPs - 18,600 workers are at risk of losing their jobs in case of closure of mines and thermal power plants. Social impacts from coal mine closures and retirement of TPPs could be substantial. The economic consequences will reach even further as workers throughout the coal value chain will be impacted, as will the local economies for which coal activity has been an economic stimulus.

A draft Roadmap for the Just Transition of Coal Regions of BiH has been prepared. The goal of the document is to provide inputs for just transition of coal regions in the RS and the FBiH. Additionally, pilot projects are being prepared, and will be implemented together with the World Bank in local communities in coal regions. Roadmap will be approved by the Council of Ministers of BiH. Based on the approved Roadmap, cantons and local communities will draft action plans for the relevant regions.

TABLE 35: STEPS WITHIN REFROM 1.5.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
1.5.1.1.	Roadmap for just transition in coal regions adopted (timeline, progress indicators and envisaged funding sources) together with the establishment of the just transition governance process	BiH (MoFTER), (BDBiH); FBiH (FMERI); RS (MER) and other relevant ministers at all level	December 2024
1.5.1.2.	20% of active workers/miners/workforce in coal regions reskilled and 40% working in new sectors (progress in implementation of just transition)	BiH (MoFTER), (BDBiH); FBiH (FMERI); RS (MER) and other relevant ministers at all level	June 2027

STEP 1.5.1.1. Roadmap for just transition in coal regions adopted together with the establishment of the just transition governance process

TABLE 36: ACTIVITIES WITHIN STEP 1.5.1.1.

Activity Code	Activity title	Responsibility	Source of verification
1.5.1.1.1	Drafting and approving Roadmap for just transition in coal regions adopted (timeline, progress indicators and envisaged funding sources) together with the establishment of the just transition governance process	BiH (CoMBiH), (GovBDBiH); Gov FBiH; Gov RS	Official Gazzette
1.5.1.1.2	Establishing Committee on “Just Transition”	BiH (CoMBiH), (GovBDBiH); Gov FBiH; Gov RS	Official Gazette
1.5.1.1.3	Drafting Action plans for selected areas	BiH (MoFTER); FBiH (FMERI); RS (MER) and other relevant ministers at all level	Activity Report of MoFTER

Step 1.5.1.2. 20% of active workers/miners/workforce in coal regions reskilled and 40% working in new sectors (progress in implementation of just transition)

TABLE 37: ACTIVITIES WITHIN STEP 1.5.1.2.

Activity Code	Activity title	Responsibility	Source of verification
---------------	----------------	----------------	------------------------

1.5.1.2.1	Drafting Action plans for selected areas	BiH (MoFTER); FBiH (FMERI); RS (MER) and other relevant ministers at all level	Activity Report of MoFTER
1.5.1.2.2	Implementation of Action plans	BiH (MoFTER); FBiH (FMERI); RS (MER)	Activity Report of MoFTER
1.5.1.2.3	Implementation of education sessions on green technologies and new business for miners	BiH (MoFTER); FBiH (FMERI); RS (MER)	Activity reports of competent authorities

REFORM 1.5.2. – WORK ON CARBON PRICING WITH THE AIM OF HAVING AN ETS IN PLACE BY 2030, IMPLEMENT CLIMATE LEGISLATION ALIGNED WITH EU CLIMATE LAW, INCLUDING COMMITMENTS TO CLIMATE NEUTRALITY

Following the EU practice, BiH will draft climate legislation. Legislation will represent a significant commitment to combat climate change and transition to a sustainable, low-carbon future.

ETS is one of the key tools for climate change adaptation and mitigation. The system will aim to create a financial incentive for companies to reduce their emissions by placing a price on carbon. In a flexible and cost-effective way will contribute to achieve emissions reductions across various sectors of the economy. An important component in the implementation of the ETS system is the MRVA system, which enables the measurement, reporting and verification procedure and is an integral part of the ETS compliance cycle. Implementation of MRVA will be based on adopted climate legislation aligned with EU Climate Law including commitments to climate neutrality.

TABLE 38: STEPS WITHIN REFORM 1.5.2.

Step Code	Title of the step	Responsibility	Deadline for the implementation
1.5.2.1.	Adopt climate legislation aligned with EU Climate Law including commitments to climate neutrality	BiH (MoFTER), (BDBiH); FBiH (FMERI; FMOIT); RS (MER; MoSPCERS)	December 2024
1.5.2.2.	Full implementation of Monitoring, Reporting, Verification and Accreditation (MRVA) package adopted in the Energy Community	BiH (MoFTER), (BDBiH); FBiH (FMERI; FMOIT); RS (MER; MoSPCERS)	June 2025

Step 1.5.2.1. Climate legislation aligned with EU Climate Law including commitments to climate neutrality adopted

The Law on climate to be adopted will establish a framework for achieving climate neutrality in BiH and a net domestic reduction in greenhouse-gas emissions by at least 55% (compared to 1990 levels - baseline) by 2030. New Law will also set up a necessary institutional framework.

Activities for establishing MRVA system of an integrated NECP for BiH until 2030 were already initiated. Activities relate to the establishment of a broad list of indicators for monitoring the plan implementation in BiH. The methodology and accompanying institutional procedures for the collection and processing of data necessary for the calculation of indicators will be defined, as well as the training programme for target groups- institutions/stakeholders necessary for the functioning of the MRVA.

In parallel BiH will strengthen its capacities. The strengthening of capacities will be implemented through the series of the trainings provided to all stakeholders involved.

TABLE 39: ACTIVITIES WITHIN STEP 1.5.2.1.

Activity Code	Activity title	Responsibility	Source of verification
1.5.2.1.1	Drafting and adopting legislation aiming to achieve climate neutrality	PABiH; PAFBiH; NARS, BDA	Official Gazette

1.5.2.1.2	Strengthening of administrative capacities through implementation of series of trainings provided to all stakeholders involved	BiH (MoFTER), (BDBiH); F BiH (FMERI; FMOIT); RS (MER; MoSPCERS)	Activity reports of competent authorities
1.5.2.1.3	Assessment of the impact of establishing the ETS system	BiH (MoFTER), (BDBiH); F BiH (FMERI); RS (MER; MoSPCERS)	Reports of Ministries

Step 1.5.2.2. Full implementation of Monitoring, Reporting, Verification and Accreditation (MRVA) package adopted in the Energy Community

TABLE 40: ACTIVITIES WITHIN STEP 1.5.2.2.

Activity Code	Activity title	Responsibility	Source of verification
1.5.2.2.1	Study assessing all the components of MRVA system drafted	BiH (MoFTER), (BDBiH); F BiH (FMERI; FMOIT); RS (MER; MoSPCERS)	Reports of the Ministries
1.5.2.2.2	Sub-legislation on establishment of MRVA	CoMBiH; Gov F BiH; Gov RS, GovBDBiH	Official Gazette
1.5.2.2.3	Strengthening of administrative capacities through implementation of series of trainings provided to all stakeholders involved	BiH (MoFTER), (BDBiH); F BiH (FMERI; FMOIT); RS (MER; MoSPCERS)	Activity reports of the competent institutions

COMPONENT 1.6. RENEWABLES DEPLOYMENT

In the previous period, Bosnia and Herzegovina made progress in renewable energy, both in the regulatory part and in increasing energy production from renewable sources. This sector has also become attractive for investments. In addition to hydro power plants, BiH has a cost-competitive solar and wind potential sector.

In order to further strengthen its policy in renewable sector BiH will launch first RES auction and announce 3-year auction plan, permitting procedures time for renewables will be reduced by 50%, will ensure that installed capacity for prosumers will be more than 180 MW. Also, 0,9 GW of new renewable energy (solar and wind) capacities will be installed in accordance with the NECP and Energy Community targets.

CHALLENGES

The renewable energy sector in BiH faces several significant challenges that hinder its development and potential. These challenges include regulatory, financial, technical, and social aspects.

BiH has a complex political structure with multiple levels of government. This fragmentation leads to inconsistent policies and regulatory frameworks, making it difficult to implement cohesive renewable energy strategies. There is often a lack of clear, long-term renewable energy policies and goals. This uncertainty discourages investment and development in the sector. Administrative procedures for obtaining permits and approvals for renewable energy projects can be lengthy and complicated, causing delays and increasing costs for developers.

Access to financing is a significant barrier for renewable energy projects. Limited availability of capital, high-interest rates, and perceived financial risks deter investors. The economic viability of renewable energy projects can be challenging, particularly in comparison to traditional energy sources like coal, which have historically been dominant in BiH.

Addressing these challenges requires a coordinated approach involving government, private sector, and international partners. It involves streamlining regulatory frameworks, enhancing financial mechanisms, investing in infrastructure, and fostering public awareness and acceptance of renewable energy.

BENEFICIARIES

The development and utilization of renewable energy sources in BiH provide benefits to a wide range of stakeholders. These beneficiaries include local communities, the economy, the environment, and the broader society.

For the local communities it may lead to job creation, economic development and energy access. Renewable energy projects, create jobs in construction, operation, and maintenance. This can provide significant employment opportunities for local residents. The development of renewable energy projects can stimulate local economies by attracting investments and increasing economic activities in rural and underdeveloped areas. Remote and rural communities can gain improved access to electricity through decentralized renewable energy systems, enhancing their quality of life and enabling further economic development.

Renewable energy sources generate electricity without emitting greenhouse gases, helping to reduce BiH's carbon footprint and combat climate change. By reducing reliance on fossil fuels, renewable energy helps preserve natural resources and reduces environmental degradation associated with mining and fossil fuel extraction.

Integrating renewable energy into the energy mix diversifies the energy portfolio, enhancing energy security and reducing dependence on imported fossil fuels. Over time, renewable energy sources can lead to lower energy costs. Once installed, renewable energy systems have low operating costs and can provide long-term financial savings compared to the volatility of fossil fuel prices.

Developing domestic renewable energy resources reduces dependence on energy imports, enhancing national energy security and political stability. By investing in renewable energy, BiH can meet international commitments and align with EU energy and environmental standards, facilitating closer integration with the European Union.

The renewable energy sector offers lucrative investment opportunities for both domestic and international investors, fostering economic growth and innovation. Businesses that invest in renewable energy can enhance their corporate social responsibility profiles, improving their reputation and competitiveness.

Reduced air pollution from lower fossil fuel consumption leads to improved public health, decreasing respiratory and cardiovascular diseases among the population. Renewable energy sources can provide more stable and predictable energy prices in the long term, benefiting consumers by protecting them from the volatility of fossil fuel markets.

Renewable energy contributes to sustainable development by ensuring that future generations have access to clean, reliable, and affordable energy resources. Investing in renewable energy and reducing greenhouse gas emissions helps mitigate the impacts of climate change, ensuring a more resilient environment for future generations.

The transition to renewable energy sources in BiH offers multifaceted benefits that extend across various sectors and stakeholders. While the initial challenges can be significant, the long-term advantages for the economy, environment, public health, and overall societal well-being make renewable energy an essential component of BiH's sustainable development strategy.

In the field of renewable energy sources, competences are primarily distributed at the entity level, while the performance of tasks and activities at the international level is assigned to the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina (MoFTER).

The capacities of competent institutions will be strengthened. The strengthening of capacities will be implemented through the series of the trainings provided to all stakeholders involved.

REFORM 1.6.1 IMPLEMENTATION OF THE RENEWABLE ENERGY DIRECTIVE, INCLUDING USE OF TRANSPARENT AND COMPETITIVE PROCEDURES FOR DEPLOYMENT OF RENEWABLE ENERGY, PERMITTING, GUARANTEES OF ORIGIN AND FIRST RES AUCTION

NECP BiH defines the targets for renewable energy sources (RES), energy efficiency (PEC & FEC) and GHG reduction including LULUCF

TABLE 41: STEPS WITHIN REFORM 1.6.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
1.6.1.1.	Launch first RES auction and announce 3-year auction plan	BiH (MoFTER), (BDBiH); FBiH (FMERI); RS (MER)	June 2025
1.6.1.2.	Permitting procedures time for renewables reduced by 50% (including households, public buildings and large installations) to enable faster deployment of renewables (June 2026)	BiH (MoFTER), (BDBiH); FBiH (FMERI); RS (MER)	June 2026

1.6.1.3.	Installed capacity for prosumers is more than 180 MW	BiH (MoFTER), (BDBiH); FBiH (FMERI); RS (MER)	June 2026
1.6.1.4.	At least 0,9 GW of new renewable energy (solar and wind) capacities installed (according to the NECP and Energy Community targets)	BiH (MoFTER), (BDBiH); FBiH (FMERI); RS (MER)	June 2025

STEP 1.6.1.1. Launch first RES auction and announce 3-year auction plan

TABLE 42: ACTIVITIES WITHIN STEP 1.6.1.1.

Activity Code	Activity title	Responsibility	Source of verification
1.6.1.1.1	Administrative capacity building	BiH (MoFTER), (BDBiH); FBiH (FMERI); RS (MER)	SAA Subcommittee on Transport, Energy, Environment and Regional Development papers
1.6.1.1.2	Preparation of technical documentation	BiH (MoFTER), (BDBiH); FBiH (FMERI); RS (MER)	Ministries Reports;
1.6.1.1.3	Preparation of tender documentation	BiH (MoFTER), (BDBiH); FBiH (FMERI); RS (MER)	Ministries Reports
1.6.1.1.4	Launch first RES auction	FBiH (FMERI); RS (MER), BDBiH	SAA Subcommittee on Transport, Energy, Environment and Regional Development papers
1.6.1.1.5	Create a 3-year auction plan	BiH (MoFTER), (BDBiH); FBiH (FMERI); RS (MER)	Announced plan

STEP 1.6.1.2. Permitting procedures time for renewables reduced by 50% (including households, public buildings and large installations) to enable faster deployment of renewables

TABLE 43: ACTIVITIES WITHIN STEP 1.6.1.2.

Activity Code	Activity title	Responsibility	Source of verification
1.6.1.2.1	Adoption of by-laws based on Law on Use of Renewable Energy Sources and Efficient Cogeneration	BiH (MOFTER), FBiH (FMERI); RS (MER), BDBiH	Official Gazette
1.6.1.2.2	Adoption or amendment the by-laws in areas of construction, spatial planning and environment that will regulate the permitting procedure for renewables and result in reducing time for issuing the relevant permits for RES	BiH (MOFTER), FBiH (FMERI); RS (MER), BDBiH and governments at all levels	Official Gazette
1.6.1.2.3	Establish a one stop shop to enable faster deployment of renewables	BiH (MoFTER), (BDBiH); FBiH (FMERI); RS (MER) and governments at all levels	Report for SAA Subcommittee on Transport, Energy, Environment and Regional Development papers

The adoption of the regulations from the Law on the use of Renewable Energy Sources and Efficient Cogeneration will enable the integration of prosumers into the network and the exchange of electricity (surpluses).

STEP 1.6.1.3. Installed capacity for prosumers is more than 180 MW

TABLE 44: ACTIVITIES WITHIN STEP 1.6.1.3.

Activity Code	Activity title	Responsibility	Source of verification
1.6.1.3.1	Adoption of by-laws stemming out of the Law on Use of Renewable Energy Sources and Efficient Cogeneration	FBiH (FMERI); RS (MER), BDBiH	Official Gazette
1.6.1.3.2	Design and implement an incentive mechanism for prosumers	BiH (MOFTER), FBiH (FMERI); RS (MER), BDBiH, and governments at all levels	Ministries Reports
1.6.1.3.3	Design a Report of Installed capacity for prosumers	BiH (MoFTER), (BDBiH); FBiH (FMERI); RS (MER)	Ministries Reports

The adoption of strategic documents, transposition of the EU acquis, the opening of the market, i.e. everything that is defined in the previously mentioned steps, will create the conditions for accelerating the construction of wind and SOLAR power plants.

STEP 1.6.1.4. At least 0,9 GW of new renewable energy (solar and wind) capacities installed (according to the NECP and Energy Community targets)

TABLE 45: ACTIVITIES WITHIN STEP 1.6.1.4.

Activity Code	Activity title	Responsibility	Source of verification
1.6.1.4.1	Adoption of NECP	CoMBiH	Official Gazette
1.6.1.4.2	Create a Report of Installed capacity for new renewable energy (solar and wind)	BiH (MoFTER); FBiH (FMERI); RS (MER)	Webpage of MoFTER;

SECTOR – 1.7. ENERGY EFFICIENCY AND AIR POLLUTION REFORMS

REFORM 1.7.1 FULL IMPLEMENTATION OF THE EED, EPBD, ECO-DESIGN AND ENERGY LABELLING LEGISLATION

Energy efficiency in BiH is regulated by the Law on Energy Efficiency of the Federation of BiH (Official Gazette of FBiH - No. 22/17) and the Law on Energy Efficiency of the Republika Srpska (Official Gazette of the RS, 2013), the Law on Spatial Planning and Construction ("Official Gazette of the Republika Srpska", No. 40/13, 106/15, 3/16 and 84/19) and the Law on Communal Activities ("Official Gazette of the Republika Srpska", No. 124/11 and 100/17). Based on the laws, several by-laws were already adopted partially transposing the EU *acquis* in this area.

In the following period, the priority will be the adoption of the secondary legislation. Special attention will be given to the establishment of a functional system of buildings energy certification, audits of the HVAC system, audits in industry and communal services. Improvement of energy efficiency will be further improved by adopting a strategic framework for the building's renovation at the state and entity level.

BiH is also planning to approve Buildings renovation Strategy and to implement annual rate of building renovation in accordance with indicative targets (number of public buildings renovated).

Law on Production, Distribution and Supply of Thermal Energy/Heat and secondary legislation will create legal bases for introduction of consumption-based metering and billing for district heating systems.

CHALLENGES

Energy efficiency is a crucial aspect of sustainable development, and its promotion in BiH faces several significant challenges. These challenges span regulatory, financial, technical, and social domains.

The political and administrative fragmentation in BiH creates inconsistencies in policies and regulations across different entities and cantons, complicating the implementation of uniform energy efficiency measures. There is often an absence of cohesive, long-term energy efficiency policies and action plans. Inconsistent or unclear regulatory frameworks can

hinder the adoption and enforcement of energy efficiency standards. Even where policies exist, the enforcement of energy efficiency regulations can be weak due to limited administrative capacity and resources.

Access to financing for energy efficiency projects is limited. High initial costs and long payback periods can deter investments in energy efficiency measures, especially for residential and small business sectors. Insufficient economic incentives, such as subsidies, tax breaks, or low-interest loans for energy efficiency improvements, reduce the motivation for individuals and businesses to invest in energy-efficient technologies.

A significant portion of BiH's building stock is old and inefficient, lacking proper insulation and modern energy systems. Upgrading these buildings to meet energy efficiency standards requires substantial investment and effort. There is often a lack of technical expertise and knowledge about energy efficiency measures and technologies among both the public and private sectors, hindering the implementation of effective energy-saving strategies.

Weak supply chains for energy-efficient products and services can lead to higher costs and limited access, further deterring adoption.

Enhancing the capacity of institutions and organizations to plan, implement, and monitor energy efficiency projects is essential but often lacking.

Reliable data on energy consumption and efficiency is crucial for planning and evaluating energy efficiency measures. Inadequate data collection and monitoring systems can hinder the assessment of progress and effectiveness. Setting up mechanisms to measure and verify energy savings from efficiency projects is challenging but necessary to ensure transparency and accountability.

Addressing these challenges requires a comprehensive approach that includes improving regulatory frameworks, providing financial incentives, investing in education and awareness campaigns, and enhancing technical and institutional capacities. By overcoming these obstacles, BiH can significantly improve its energy efficiency, contributing to economic growth, environmental sustainability, and energy security.

In the field of energy efficiency competences are distributed at the entity level while, the performance of tasks and activities falling within the competence of BiH and related to the definition of policy, basic principles, coordination of activities and harmonisation of plans of entity authorities and institutions on the international level is assigned to the Ministry of Foreign Trade and Economic Relations of Bosnia and Herzegovina (MoFTER).

BENEFICIARIES

The beneficiaries of energy efficiency initiatives in Bosnia and Herzegovina (BiH) span a wide range of stakeholders, from individual households to businesses and the government.

One of the beneficiaries are households. Energy-efficient homes consume less energy for heating, cooling, and electricity, leading to lower utility bills for households. Energy efficiency measures, such as better insulation and efficient heating systems, improve indoor comfort levels by maintaining stable temperatures and reducing drafts. Furthermore, businesses and industries that invest in energy efficiency can significantly reduce their operating costs, enhancing their competitiveness and profitability. Energy-efficient equipment and processes can improve operational efficiency and productivity in industrial and commercial settings. Lower energy consumption directly translates to reduced greenhouse gas emissions, contributing to the fight against climate change. Energy efficiency reduces the demand for fossil fuels, conserving natural resources and reducing environmental degradation associated with energy production. The implementation of energy efficiency projects creates jobs in areas such as construction, retrofitting, manufacturing of energy-efficient products, and energy auditing. Energy-efficient buildings are often more attractive to buyers and renters, leading to higher property values and increased marketability. Financial institutions can benefit from the growing demand for financing energy efficiency projects, offering loans and other financial products tailored to this sector. Finally, Government and public sector can benefit by enhancing national energy security by decreasing reliance on energy imports and mitigating the impact of energy price volatility; lower energy costs for the government, freeing up resources for other public services and investments.

Energy efficiency in BiH presents a win-win scenario for various stakeholders, driving economic growth, enhancing energy security, reducing environmental impacts, and improving the quality of life for citizens. By addressing the challenges and leveraging the benefits, BiH can make significant strides towards a more sustainable and prosperous development.

TABLE 46: STEPS WITHIN THE REFORM 1.7.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
-----------	-------------------	----------------	---------------------------------

1.7.1.1.	The issuing of Energy Performance Certificates is ensured (in line with the EPBD regulation)	(BiH) MoFTER, BDBiH, (FBiH) FMSP, (RS) MoSPCE	December 2024
1.7.1.2.	Adoption of the Buildings renovation Strategy	(BiH) MoFTER	December 2024
1.7.1.3.	Renovation of existing public buildings ongoing and aligned with the 3% Energy Efficiency Directive target	(BiH) MoFTER, BDBiH (FBiH) FMSP, (RS) MoSPCE, FBiH (FMERI); RS (MER) and governments at all levels	December 2025
1.7.1.4.	Amend relevant legislation to improve decision-making on energy efficiency investments for homeowners and homeowners' associations (multi-apartment buildings)	(BiH) MoFTER, BDBiH (FBiH) FMSP, (RS) MoSPCE, FBiH (FMERI); RS (MER) and governments at all levels	December 2026
1.7.1.5.	Increase annual rate of building renovation in accordance with the draft NECP indicative milestones of the long-term strategy for the renovation of the national stock of residential and non-residential buildings ⁴	(BiH) MoFTER, BDBiH, (FBiH) FMSP, (RS) MoSPCE, FBiH (FMERI); RS (MER) and governments at all levels	June 2027
1.7.1.6.	Roll-out of consumption-based metering and billing for district heating	(BiH) MoFTER, BDBiH (FBiH) FMERI; (RS) MER: MoSPCE and governments at all levels	June 2027

STEP 1.7.1.1. The issuing of Energy Performance Certificates is ensured (in line with the EPBD regulation)

TABLE 47: ACTIVITIES WITHIN STEP 1.7.1.1.

Activity Code	Activity title	Responsibility	Source of verification
1.7.1.1.1	Implement adopted laws and by-laws on Energy Efficiency	(BiH (MoFTER), (BDBiH),(FBiH) FMSP and FMERI, (RS) MoSPCE and governments at all levels	SAA Subcommittee on Transport, Energy, Environment and Regional Development papers

STEP 1.7.1.2. Adoption of the Buildings renovation Strategy

In BiH, with the support of the GIZ project Decarbonization of the Energy Sector in Bosnia and Herzegovina, a draft Integrated Strategy for the Renovation of Buildings in BiH by 2050 was developed. The Strategy consists of the following parts: the FBiH Building Renovation Strategy, the RS Building Renovation Strategy in the RS and the Strategy for the Renovation of Buildings Owned by Administrative Bodies at the Level of BiH and in the BD BiH. Building renovation scenarios have also been subject to economic impact analysis. Its results are embedded in the optimal scenario, which determines the main energy efficiency targets during the development of the NECP. The FBiH Building Renovation Strategy is in the final phase of adoption. After the preparation of the final drafts of the RS Building Renovation Strategy and the Strategy for the Renovation of Buildings Owned by Administrative Bodies at the Level of BiH and in the BD BiH, it is expected that the final draft of the Integrated Building Renovation Strategy in BiH by 2050 will be prepared during 2024, after which the adoption procedure will be initiated.

⁴ Public sector buildings renovated - Mil 1.06 m2; Individual house renovated: Mil 4.55 m2 in the period 2021-2027, annual renovation rate 1.2 % of total residential area; multi-apartment buildings (without district heating (DHS)) renovated: Mil 1.46 m2 in the period 2021-2027, annual renovation rate 0.39 % of total residential area; multi-apartment buildings (DHS) renovated: Mil 0.66 m2 in the period 2021-2027, annual renovation rate 0.17 % of total residential area (June 2027)

A draft FBiH Long-Term Building Renovation Strategy by 2050 and an ex-ante evaluation were prepared in the FBiH. The draft Strategy is being harmonised with the ex-ante evaluation report. Subsequently, the updated draft Strategy and the ex-ante evaluation report will be sent to the Government and the Parliament for adoption.

In the RS, the previously prepared draft of the Strategy for Long-Term Support to Building Renovation in the RS and related strategic goals were updated. The draft Strategy is being finalised to be submitted to the competent institutions for their opinion.

TABLE 48: ACTIVITIES WITHIN STEP 1.7.1.2.

Activity Code	Activity title	Responsibility	Source of verification
1.7.1.2.1	Adopt Buildings renovation Strategy	CoMBiH	Official Gazzete; SAA Subcommittee on Transport, Energy, Environment and Regional Development papers

STEP 1.7.1.3. Renovation of existing public buildings ongoing and aligned with the 3% Energy Efficiency Directive targetI

TABLE 49: ACTIVITIES WITHIN STEP 1.7.1.3.

Activity Code	Activity title	Responsibility	Source of verification
1.7.1.3.1	Transposition of Energy Efficiency Directive into national legislation	(BiH) MoFTER, BDBiH, (FBiH) FMSP, (RS) MoSPCE, FBiH (FMERI); RS (MER) and governments at all levels	Official Gazzete
1.7.1.3.2	Marked based (ESCO) financing mechanism for public buildings established	(BiH) MoFTER, BDBiH (FBiH) FMSP, (RS) MoSPCE, FBiH (FMERI); RS (MER) and governments at all levels	Reports of the Ministries; SAA Subcommittee on Transport, Energy, Environment and Regional Development papers
1.7.1.3.3	Adoption of Action Plan for renovation of public buildings	(BiH) MoFTER, BDBiH (FBiH) FMSP, (RS) MoSPCE, FBiH (FMERI); RS (MER) and governments at all levels	Action Plan published at the web page of the institutions; SAA Subcommittee on Transport, Energy, Environment and Regional Development papers

The transposition of the Energy Efficiency Directive is reflected in the adoption of new laws on EE at entity levels and Brcko District. New laws on EE should be adopted in Federation of BiH, Republika Srpska and Brcko District. Besides adoption, the Laws an by-laws should be implemented, monitor, verified and reported.

STEP 1.7.1.4. Amend relevant legislation to improve decision-making on energy efficiency investments for homeowners and homeowners' associations (multi-apartment buildings)

TABLE 50: ACTIVITIES WITHIN STEP 1.7.1.4.

Activity Code	Activity title	Responsibility	Source of verification
1.7.1.4.1	Adoption of relevant legislation in areas of construction, spatial planning and environment that will improve decision-making on energy efficiency investments for homeowners and homeowners' associations (multi-apartment buildings)	(BiH (MOFTER), (BDBiH), (FBiH) FMSP, (RS) MoSPCE, FBiH (FMERI); RS (MER) and governments at all levels	Official Gazette

STEP 1.7.1.5. Increase annual rate of building renovation in accordance with the draft NECP indicative milestones of the long-term strategy for the renovation of the national stock of residential and non-residential buildings⁵

TABLE 51: ACTIVITIES WITHIN STEP 1.7.1.5.

Activity Code	Activity title	Responsibility	Source of verification
1.7.1.5.1	Adoption of NECP	CoMBiH	Official Gazette
1.7.1.5.2	Adoption of legislation for homeowners and homeowners' associations (multi-apartment buildings)	(BiH) MoFTER, BDBiH, (FBiH) FMSP, (RS) MoSPCE, FBiH (FMERI); RS (MER) and governments at all levels	Official Gazette

The adoption and implementation of strategic documents and legislation, , i.e. everything that is defined in the previously mentioned steps, will create the conditions for accelerating the renovation of the national stock of residential and non-residential buildings.

⁵ Public sector buildings renovated - Mil 10.66 m2; Individual house renovated: Mil 4.55 m2 in the period 2021-2027, annual renovation rate 1.2 % of total residential area; multi-apartment buildings (without district heating (DHS)) renovated: Mil 1.46 m2 in the period 2021-2027, annual renovation rate 0.39 % of total residential area; multi-apartment buildings (DHS) renovated: Mil 0.66 m2 in the period 2021-2027, annual renovation rate 0.17 % of total residential area (June 2027)

STEP 1.7.1.6. Roll-out of consumption-based metering and billing for district heating

TABLE 52: ACTIVITIES WITHIN STEP 1.7.1.6.

Activity Code	Activity title	Responsibility	Source of verification
1.7.1.6.1	Law on Production, Distribution and Supply of Thermal Energy/Heat adopted	(BiH) MoFTER, BDBiH, FBiH (FMERI); RS (MER) and governments at all levels	Official Gazette
1.7.1.6.2	Secondary legislation for heat consumption-based metering and billing adopted	(BiH) MoFTER, BDBiH, FBiH (FMERI); RS (MER) and governments at all levels	Official Gazette

2 POLICY AREA 2: PRIVATE SECTOR DEVELOPMENT AND BUSINESS ENVIRONMENT

Activities within the scope of this reform measure are provided for in strategic documents, namely the Public Finance Management Reform Strategy of BiH 2021-2025; in the RS, the Strategy on quality infrastructure of products and services of the Republika Srpska for 2019–2023 and the Public Finance Management Strategy of the Republika Srpska for 2021–2025 (under pillar II, measure II, reduction of the grey zone); "Strategy for attracting foreign investments to the Republic of Srpska 2021-2027; SME Development Strategy of the Republic of Srpska for the period 2021-2027; Industry development strategy of the Republic of Srpska for the period 2021-2027." in the FBiH, the FBiH Development Strategy for 2021–2027 and the Public Finance Management Strategy of the Federation of BiH (in the field of reducing the grey economy) and the working draft of the National Program of Accession of BiH to the EU.

COMPONENT 2.1. – BUSINESS ENVIRONMENT

Establishing compliance with EU norms and standards not only facilitates trade and economic relations with the EU but also strengthen regional economic ties through regional initiatives such as Common Regional Market and CEFTA and prepare Bosnia and Herzegovina for future EU membership. Preparation for the future integration with the EU single market would be the priority area of economic reforms in Bosnia and Herzegovina, with the reforms aimed at offering a framework that promotes sustained economic development, political stability, and higher standards of living, all of which are beneficial in the global economic environment. However, the integration with the EU single market is closely intertwined with the commitment and the functioning of the Common Regional Market and full implementation of the CRM Action Plan.

This component's goal is to strengthen governance, enhance transparency, and facilitate operation of enterprises across the country. The goal will be achieved through reforms in several key areas such as:

- *Fortifying governance structures and bolstering the efficiency and transparency of POEs*
- *Simplification and harmonization requirements for business registration and operation on a country-wide scale*
- *Facilitating the free movement of goods and services through reduced formalities and harmonization of regulatory frameworks*
- *Simplifying processes, enhancing dispute resolution mechanisms, and deploying advanced technologies to streamline freight transport*

The challenges within these reform areas largely stem from the complexity of internal structure of Bosnia and Herzegovina with two entities and Brčko District, that often lead to political deadlock. That fact contributes complicated decision-making process thus preventing the agreement on the reforms and their implementation and leads to inefficiency in public administration. The country's internal market is fragmented with uneven rules throughout the country that highly influence the business environment. The persistent presence of the informal economy continues to exert adverse effects on business operations. Lack of investment and insufficient competitiveness of the economy further complicate the process of economic reforms.

Overcoming these challenges requires long-term commitment from all relevant stakeholders and strong focus on the strengthening the country's economic foundations. The beneficiaries of the Growth Plan reforms would include all business entities in Bosnia and Herzegovina and all its citizens. However, responsibility for implementation would be divided among entities, government ministries, regulatory bodies and private sector actors. The implementation timeline spans from January 2024 to December 2027. Key phases include the development, testing and enforcement of various

regulator frameworks with significant milestones scheduled for mid-2025, end of 2026 and end of 2027. The overall approach ensures a structured and phased implementation, enabling adjustments and optimizations as required.

In that sense, clear timelines and targets for achieving reform objectives together with responsible institutions and are clearly defined in this document.

The reforms in this Reform Area are mostly covered by the legislative alignment with the EU acquis and implementation of adopted legislation. In that sense, it is unfeasible to precisely estimate costs.

REFORM 2.1.1. – STRENGTHEN GOVERNANCE AND MANAGEMENT AND INCREASE THE EFFICIENCY AND TRANSPARENCY OF PUBLIC ENTERPRISES, INCLUDING POES

Focus of this reform is on fortifying governance structures and bolstering the efficiency and transparency of public enterprises (POEs).

State-owned/public enterprises (POEs) account for a large part of the total economy and number of employed persons, but they operate with a low level of productivity - which significantly affects the competitiveness of the economy since they operate in strategic business sectors - and unsatisfactory financial and other business performance, which poses a risk on public finances. There are a total of 550 public enterprises which are owned by the Entities, but a few of the largest ones - in the energy, transport, and water management sectors - account for about 80% of fixed assets and 70% of the turnover of all public enterprises. Despite their presence in strategic, capital-intensive sectors, and wages that are 40% higher, productivity in the SOE sector is lower than in the private sector. Average wages are 40% higher than in the private sector despite their lower productivity. Low profitability has started to undermine the financial position of POEs, and the level of assets is on the decline while the level of liabilities rises. Due to such trends, the POE sector represents a significant and growing source of fiscal risk. In addition, the current legal definition and classification of POE is not in accordance with international standards and does not allow clear sectoral classification or comparisons. Current systems of supervision over the operations of POEs focus on the creation/implementation of sectoral strategies without any incentives to maximise shareholder value. Moreover, the financial reports of POEs are not fully aligned with international accounting standards, which results in partially inaccurate presentation of the financial positions and performance of enterprises and increases fiscal risks.

CHALLENGES

The challenges within these reform areas largely stem from the internal structure of Bosnia and Herzegovina, consequently leading to fragmentation of the country's internal market and influencing the business environment. The persistent presence of the informal economy continues to exert adverse effects on business operations.

TARGET BENEFICIARIES

Successful implementation of reforms in Bosnia and Herzegovina requires coordination among various beneficiaries and stakeholders, clear implementation plans with defined responsibilities, and monitoring mechanisms to track progress and ensure accountability.

The final beneficiaries of economic reforms would include all citizens of Bosnia and Herzegovina, particularly those who are unemployed or underemployed. Reforms aim to stimulate growth, create job opportunities, and improve living standards for the population. Stakeholders involved in economic reforms may include government agencies responsible for economic policy, business associations, labor unions, and international financial institutions providing support and expertise. Responsibilities for implementation would be distributed among various government ministries, regulatory bodies, and private sector actors, with clear timelines and targets for achieving reform objectives.

DESCRIPTION OF RESPONSIBILITIES AND STAKEHOLDERS INVOLVED.

As part of this reform, the transparency of operations of POEs and their better supervision by the Government of the Republika Srpska, Government of the Federation of BiH and Government of Brčko District will be established. Also, special attention will be paid to the continuation of restructuring of two important public enterprises in the Republika Srpska - the power management company (MH "Elektroprivreda Republike Srpske" a. d. Trebinje), which, after the separation of production, distribution and sale of electricity functions, focuses on the reorganisation of production and the holding as a whole, as well as of the railways that will have to prepare for the modernisation and renewal of the railroad network in accordance with the Green Agenda, after the completion of the reform processes of organisational and ownership restructuring. (Restructuring of SOEs in the energy sector in the FBiH is dealt with under the next reform).

Structural reform in the domain of improving the functions of supervision and control of SOEs' operations in the FBiH is foreseen by the FBiH Public Finance Management Strategy and the FBiH.

Development Strategy 2021-2027, and in the RS by the Public Finance Management Strategy 2021- 2025 (pillar I: Fiscal framework, measures 3: Establishment of fiscal risks and measures 4: Financial supervision over the operations of public enterprises) and the Updated Action Plan for the reform of public enterprises 2022–2026. Also, regarding the restructuring of two strategic public enterprises in the Republika Srpska, the Energy Development Strategy of the Republika Srpska until 2035 and the Transport Strategy of the Republika Srpska 2016-2030 are relevant.

Through this structural reform, recommendations 2 and 5 from JC are implemented related to the management of potential liabilities of public enterprises and the strengthening of management with upto-date public registers in both Entities and the provision of adequate human resources in the central supervision units in both Entities. Also, the reform is important for the fulfilment of the Copenhagen economic criteria on the need to boost competitiveness of the economy in the country at the time of integration in EU flows, within the EU accession negotiations with candidate countries. This reform largely comprises the continuation of previously started activities: The Government of the Federation of BiH and the Government of the Republika Srpska have established special organisational units for the coordination of supervision over the operations of public enterprises within the general secretariats and monitoring of fiscal risks within the ministries of finance; the process of capacity building of these units is underway, which, in addition to training, will also include the development of tools and registers of financial data for monitoring the performance of public enterprises owned by FBiH and RS. The plan is to continue working on improving the planning process, which includes the timely adoption of business plans in accordance with three-year projections and strategic development documents. In the following period, activities are planned to make these units fully functional and to establish comprehensive and up-to-date registers of public enterprises in the two Entities.

TABLE 53: STEPS WITHIN THE REFORM 2.1.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
2.1.1.1.	POEs registers at entity level is regularly updated and publicly available ⁶	GS GFBiH GS GRS, , GS GBD	July 2025
2.1.1.2.	Legislation related to POEs management to address climate considerations by providing guidelines for business planning and reporting of PoEs is aligned	GSGFBiH,GS GSRs , GS GBD	December 2025
2.1.1.3.	Regulation related to POEs governance and transparency aligned with best practice (OECD guidelines) including state ownership strategy, monitoring market disruptions, providing guidelines for business planning, procurement and reporting, addressing climate considerations	GS GFBiH, GS GRS)	June 2025
2.1.1.4.	POEs Oversight Units published annual report on SOEs impact on economy including fiscal risk assessment stemming from direct and contingent POEs liabilities and state guarantees.	GS GFBiH, GS GRS, GS GBD)	June 2025
2.1.1.5.	State aid legislation fully harmonized with European standards (consistent enforcement of state aid rules throughout the country, strengthen the operational capacities of the State Aid Council, align existing aid schemes with SAA obligations, establish benchmarks to transparency of aid allocation and increase quality of reporting	MOFTER, State Aid Council of BiH	December 2026
2.1.1.6.	POEs arrears reduced by 30% in comparison to baseline 2023	GS FBiH,GS GRS , GS GBD	(December 2025)
2.1.1.7.	At least one public private partnership in effect for the management of airport infrastructure	GFBiH,GRS,G BD	June 2026

STEP 2.1.1.1. PoEs registers at entity level is regularly updated and publicly available.

Making the register of Publicly Owned Enterprises (POEs) publicly available enhances transparency. Citizens, stakeholders, and oversight bodies can access information about POEs, promoting accountability. Regular updates ensure

⁶ The content of the rulebook relates to the list of information and the manner in which it should be filled out, as well as responsibility for filling the register. Content of the rulebook will be based on the OECD Guidelines on Corporate Governance of State-Owned Enterprises. Reference added to footnote.

that the information is current and reliable, which is essential for informed decision-making and public trust. The step and activities related to maintaining and publicizing the register of POEs are essential for promoting transparency, accountability, and good governance. They help ensure that information about POEs is accurate, accessible, and up-to-date, thereby supporting better oversight, risk management, and stakeholder confidence. Implementing these activities will help establish a robust system for managing and sharing information about Publicly Owned Enterprises, ultimately contributing to better governance and public trust.

THIS STEP WILL BE IMPLEMENTED THROUGH THE ACTIVITIES LISTED IN THE TABLE BELOW. TABLE 54: ACTIVITIES WITHIN STEP 2.1.1.1.

Activity Code	Activity title	Responsibility	Source of verification
2.1.1.1.1.	Drafting and adoption of the rulebook on the register of POEs	GFBiH; GRS, GBD	Official gazette of FBiH, RS and BD
2.1.1.1.2.	Register of POEs operational and publicly available	GFBiH; GRS, GBD	Webpage of the register

Step 2.1.1.2. Legislation related to PoEs management to address climate considerations by providing guidelines for business planning and reporting of PoEs is aligned

This approach ensures POEs align with sustainable development goals, enhancing transparency, accountability, and resilience while supporting national and international climate commitments. Integrating climate considerations into POEs management through aligned legislation ensures that these enterprises contribute to national and global sustainability goals. The steps include reviewing and updating legislation, providing clear guidelines for business planning and reporting, and establishing robust monitoring and enforcement mechanisms. This approach not only mitigates environmental impacts but also enhances operational efficiency, risk management, and stakeholder trust, ultimately leading to more sustainable and resilient public enterprises.

This step will be implemented through the activities listed in the table below.

TABLE 55: ACTIVITIES WITHIN STEP 2.1.1.2.

Activity Code	Activity title	Responsibility	Source of verification
2.1.1.2.1.	Development and adoption of guidelines for business planning and reporting of POEs ⁷	GFBiH; GRS, GBD	Official gazette of FBiH, RS and BD

Step 2.1.1.3. Regulation related to PEEs governance and transparency aligned with best practice (OECD guidelines) including state ownership strategy, monitoring market disruptions, providing guidelines for business planning, procurement and reporting, addressing climate considerations

Aligning regulation related to POEs governance and transparency with best practices such as OECD guidelines ensures effective, accountable, and transparent management of these entities. This alignment enhances governance, builds stakeholder trust, ensures compliance, promotes sustainable practices, and mitigates risks. By developing a clear state ownership strategy, implementing robust governance and monitoring mechanisms, standardizing business planning, procurement, and reporting processes, and ensuring alignment with OECD guidelines, POEs can achieve better performance, transparency, and sustainability.

This step will be implemented through the activities listed in the table below.

TABLE 56: ACTIVITIES WITHIN STEP 2.1.1.3.

Activity Code	Activity title	Responsibility	Source of verification
---------------	----------------	----------------	------------------------

⁷ The guidelines relate to transparency, fair treatment of shareholders and other investors, stakeholder relations and responsible business conduct, disclosure and transparency, and the responsibilities of supervisory boards of state-owned enterprises. These guidelines are prescribed by the OECD Guidelines.

2.1.1.3.1.	Amendments to the Law on Public Enterprises in FBiH and to the Law on Public Enterprises of RS to align them with the OECD guidelines	GFBiH; GRS, GBD, PFBiH, NARS, BDA	Official gazette of FBi, RS and BD,
------------	---	-----------------------------------	-------------------------------------

2.1.1.4. PoEs Oversight Units published annual report on POEs impact on economy including fiscal risk assessment stemming from direct and contingent POEs liabilities and state guarantees.

Publishing annual reports on the economic impact and fiscal risk assessment of POEs by oversight units is crucial for transparency, accountability, informed decision-making, and risk management. Implementing this involves establishing a robust reporting framework, conducting comprehensive fiscal risk assessments, compiling and reviewing the report, ensuring public access, and using the findings for continuous improvement. This approach aligns with international best practices and enhances the effective governance and management of public enterprises.

This step will be implemented through the activities listed in the table below.

TABLE 57: ACTIVITIES WITHIN STEP 2.1.1.4.

Activity Code	Activity title	Responsibility	Source of verification
2.1.1.4.1.	Development and adoption of the Rulebook for annual reporting on POEs impact on economy including fiscal risk assessment stemming from direct and contingent POEs liabilities and state guarantees ⁸ .	GFBiH; GRS	Official gazette of FBiH, RS and BD

Step 2.1.1.5. State aid legislation fully harmonized with European standards (consistent enforcement of state aid rules throughout the country, strengthen the operational capacities of the State Aid Council, align existing aid schemes with SAA obligations, establish benchmarks to transparency of aid allocation and increase quality of reporting)

Harmonizing state aid legislation with European standards involves ensuring consistent enforcement, strengthening the State Aid Council, aligning aid schemes with SAA obligations, establishing transparency benchmarks, and improving the quality of reporting. This alignment enhances legal compliance, economic fairness, transparency, accountability, and overall governance, fostering a competitive and efficient market environment. To achieve this, countries need to adopt EU standards, build capacities, engage stakeholders, develop clear criteria, and ensure robust monitoring and reporting systems.

Bosnia and Herzegovina will continue to further align its legislative framework in the area of State aid with the relevant parts of the acquis. As part of this reform, a key priority will be to enhance the efficient operation of the State Aid Council. This will involve revising decision-making procedures to eliminate ethnic vetoes. Furthermore, Bosnia and Herzegovina will bolster the administrative capabilities of the State Aid Council and intensify initiatives to promote transparency of aid allocation.

This step will be implemented through the activities listed in the table below.

TABLE 58: ACTIVITIES WITHIN STEP 2.1.1.5.

Activity Code	Activity title	Responsibility	Source of verification
2.1.1.5.1.	Law on State Aid aligned with the most recent EU acquis	CoM BiH, PABiH	Official Gazette of BiH, Tables of Concordance providing an overview of compliance of a draft/proposal of a legal act with the secondary sources of the EU law, verified by DEI BiH
2.1.1.5.2.	Adopt pending implementing legislation on State Aid in aligning existing programmes/schemes of the State aid in BiH.	CoM BiH, GRS, GFBiH, GBD	Official Gazette of BiH, RS, FBiH, Tables of Concordance providing an overview of compliance of a draft/proposal of a legal act with the secondary sources of the EU law, verified by DEI BiH
2.1.1.5.3.	Comply with obligations under Article 71(6) of the SAA by making swift progress in aligning the existing aid schemes with the acquis	SAC BiH, MOFTER	Subcommittee on internal market and competition, CC BiH, MOFTER self assesment

⁸ The guidelines will be prepared in accordance with the OECD Guidelines on Corporate Governance of State-Owned Enterprises (SOE Guidelines).

2.1.1.5.4.	Establish benchmarks to transparency of aid allocation	SAC BiH, MOFTER	Subcommittee on internal market and competition, SAC BiH, MOFTER self assessment
2.1.1.5.5.	Increase quality of reporting on state aid	SAC BiH	Subcommittee on internal market and competition, SAC BiH, MOFTER self assessment

STEP 2.1.1.6. POEs arrears reduced by 30% in comparison to baseline 2023

Reducing POEs arrears by 30% compared to the 2023 baseline is crucial for enhancing financial stability, building creditor confidence, improving operational efficiency, and fostering economic growth. Achieving this reduction involves conducting a comprehensive financial assessment, implementing financial restructuring and optimization strategies, improving operational efficiency, strengthening financial governance and oversight, engaging stakeholders, and establishing robust monitoring and reporting frameworks. These steps ensure a systematic and sustainable approach to arrears reduction, aligning POEs with best practices and enhancing their overall financial health. Oversight Units are required to publish an annual report on the impact of state-owned enterprises on the economy, including an assessment of the fiscal risk arising from the direct and potential obligations of public enterprises and state guarantees, as defined in step 2.1.1.4. Considering that data on the total obligations of public enterprises are not available, it is necessary to obtain information from the mentioned reports and create an aggregate report.

This step will be implemented through the activities listed in the table below.

TABLE 59: ACTIVITIES WITHIN STEP 2.1.1.6.

Activity Code	Activity title	Responsibility	Source of verification
2.1.1.6.1.	Collecting reports from POEs Oversight Units FBiH, RS, directorate for finance BD, and creating a unified report	GS CoM	Oversight Units FBiH and RS and Directorate for finance BD annual reports
2.1.1.6.2.	Report of reduction of POE arrears aggregated by the relevant entity ministry	Report of reduction of POE arrears aggregated by the relevant entity ministry	Aggregated POEs annual reports on arrears prepared by the GS CoM

Step 2.1.1.7. At least one Public-Private Partnership in effect for the management of airport infrastructure

Establishing a Public-Private Partnership for the management of airport infrastructure is important for improving efficiency, leveraging private sector expertise, sharing risks, and fostering economic development. Achieving this involves conducting a feasibility study, structuring a balanced Public-Private Partnership agreement, executing a transparent tendering process, finalizing the agreement through negotiations, and implementing a robust monitoring framework. This systematic approach ensures that the Public-Private Partnership delivers significant benefits to both public and private stakeholders while enhancing the quality and efficiency of airport operations. The target airport for the first Public-Private-Partnership in Bosnia and Herzegovina is Sarajevo Airport.

This step will be implemented through the activities listed in the table below.

TABLE 60: ACTIVITIES WITHIN STEP 2.1.1.7.

Activity Code	Activity title	Responsibility	Source of verification
2.1.1.7.1.	Decision by one ore more governments/authorities to call for public tender for a public private partnership or concession. ,	GFBIH, GRS, GBD, Cantonal Governments	Subcommittee on internal market and competition, PPP plan published by relevant Entity Ministry
2.1.1.7.2.	Procedure for public private partnership or concession finalized in line with the provisions of respective Law on Public Private Partnership	GFBIH, GRS, GBD, Cantonal Governments	Information on concluded contract on Publi-Private-Partnership for an airport

The aim of this reform is to simplify and harmonize requirements for business registration and operation on a country-wide scale.

In terms of activities for implementation of the e-registration of business entities *in the FBiH*, the FBiH Government adopted a Decree on maintaining the register of business entities in the FBiH⁹.

The FBiH Law on Companies (Official Gazette of the FBiH, 81/15 and 75/21), drafted with the IFC technical assistance (World Bank) and EU experts, has largely succeeded in reducing administrative and technical procedures for registration and operation of domestic and foreign companies. Regarding future developments in the field of creating a single economic area, the IFC offered technical support to the FBiH Government and the involvement of EU experts in order to align the FBiH's laws on companies and public enterprises with the EU *acquis*. Those activities will be implemented as expected in the period to come.

The registration procedure *in the RS* was made simpler in 2013 with the introduction of a one-stop shop registration system (number of days needed to register a company decreased from 21 to 3, expenses decreased from EUR 700 to 100, and number of procedures decreased from 11 to 5). The registration procedure for entrepreneurs has also been simplified. All necessary steps have been taken to establish business entities' e-registration (Finalisation depends on the issuing of digital signatures.).

The registration procedure in BiH is uniform and it is defined by the Framework Law on the Registration of Business Entities. There is no distinction made in the regulations governing the ongoing activities in the RS between business entities whose founders are domestic or foreign legal and/or natural persons.

In addition, there is a comprehensive list of all administrative procedures (pre-registration, registration and post-registration procedures) both for starting and conducting business in the RS. This also includes data for both domestic and foreign business entities. Data is publicly available at the web page Point of Single Contact portal <https://psc.rska.vladars.net/>, and include 932 formalities (permits, certificates, decisions) for starting and conducting business.

Based on this data, the RS Government launched an extensive project in 2021 to optimise administrative procedures with the goal of suggesting actions for their simplification (or elimination). A Working Group comprising 42 members from competent ministries, other RS institutions, and the business community have been established, including dynamics and a unique methodology. A comprehensive analysis was conducted on all 932 formalities, and an Action Plan was adopted to simplify them. In total 95% of the planned 42 formalities were eliminated. For 243 formalities, simplification is envisaged. The simplification procedure is ongoing. Automated system for checking data on settled tax obligations and the automated acquisition of current extracts from the court register (and the register of entrepreneurs) are two examples of simplification.

At the beginning of 2023, a new Decision on the regulatory impact assessment was adopted (Official Gazette of the RS, 8/23), establishing a control mechanism for the introduction of new formalities in the RS in order to assess the necessity of introducing new licences, permits, certificates, etc.

REGISTER OF BUSINESS ENTITIES

The RS established a single register of business entities (both legal entities and entrepreneurs) back in 2013, and it includes data from commercial courts, the Tax Administration and APIF (in terms of activity classification). The register, available at www.bizreg.esrpska.com, is the outcome of an initiative to create a one-stop shop registration system in the RS.

Apart from being publicly accessible, the RS business entities' register is also linked to and its data are incorporated into the regional BIFIDEX business entity portal.

The NCTS Bosnia and Herzegovina electronic transit procedure must be used for one year at the national level, after which it can apply to become a full member of the NCTS convention. At that point, businesses in Bosnia and Herzegovina will also have simplified procedures with much shorter waiting times at all borders where goods are being transported. Specifically, this means time and cost savings for the business community. Currently, the fifth phase is implemented, and an upgrade to the fifth phase or transition to the sixth phase is needed.

⁹ Official Gazette of FBiH, 93/23

CHALLENGES

- *Administrative Fragmentation: There is multiple jurisdictional authority at different entity and government levels, which can create confusion and overlap in requirements.*
- *Legal Complexity: Varying laws, regulations, and procedures at entity and state levels may be inconsistent and difficult to align.*
- *Bureaucratic Hurdles: Complex registration procedures and documentation requirements can slow down the process of establishing new businesses.*
- *Digitalization: Lack of adequate digital infrastructure can hinder the implementation of a unified electronic registration system.*

BENEFICIARIES

The beneficiaries are domestic and foreign entrepreneurs and those who will enter the entrepreneurship. This reform will standardize processes and make it much easier for entrepreneurs by simplifying processes thus encourage entrepreneurship.

TABLE 61: STEPS WITHIN THE REFORM 2.1.2.

Step Code	Title of the step	Responsibility	Deadline for the implementation
2.1.2.1.	Entities adopt and implement the necessary harmonized regulation allowing mutual recognition of licenses and certificates between the entities	GFBIH, GRS,GBD, Courts FBIH, RS, BD	December 2027
2.1.2.2.	E-registration enabled and functional across all respective levels of authority, including all preconditions related to e- signature/e stamps, enabling insight into companies' registration data	GFBIH, GRSGBD, Courts FBIH, RS, BD	December 2025
2.1.2.3.	NCTS at international level in use	CoMBiH, PABiH, UINO	December 2026

Step 2.1.2.1. Entities adopt and implement the necessary harmonized regulation allowing Mutual recognition of licenses and certificates between the entities adopted and implemented

Adopting and implementing harmonized regulation for mutual recognition of licenses and certificates is crucial for facilitating trade, enhancing labor mobility, promoting economic growth, ensuring consumer protection, and fostering regulatory cooperation. Achieving this involves engaging stakeholders, developing a robust regulatory framework, executing a comprehensive inventory of the administrative and technical steps, and establishing effective monitoring and evaluation mechanisms. By following these steps, entities can ensure a seamless and efficient process for mutual recognition, benefiting businesses, professionals, and consumers alike.

This step will be implemented through the activities listed in the table below.

TABLE 62: ACTIVITIES WITHIN STEP 2.1.2.1.

Activity Code	Activity title	Responsibility	Source of verification
2.1.2.1.1.	Establishment of a comprehensive inventory of the administrative and technical steps needed for companies to register and/or operate country-wide	CoMBiH, GRS, GFBIH, GBD	Self assessment by respective government
2.1.2.1.2.	Abolish duplication of required licences and verification that hamper the creation of a single-economic space	CoMBiH, GRS, GFBIH, GBD	sSI assessment by respective government
2.1.2.1.3.	Establish effective monitoring and evaluation mechanisms	CoMBiH, GRS, GFBIH, GBD	Evaluation report by respective government

Step 2.1.2.2. E-registration enabled and functional across all respective levels of authority, including all preconditions related to e- signature/e stamps, enabling insight into companies' registration data

Enabling and implementing e-registration systems across all levels of authority enhances efficiency, transparency, and accessibility in business registration processes. By establishing the necessary infrastructure, developing a supportive regulatory framework, providing training and capacity building, executing a phased rollout strategy, and implementing robust monitoring and evaluation mechanisms, entities can successfully transition to digital registration systems. This transformation not only improves government service delivery but also contributes to a more competitive and attractive business environment, fostering economic growth and development.

This step will be implemented through the activities listed in the table below.

TABLE 63: ACTIVITIES WITHIN STEP 2.1.2.2.

Activity Code	Activity title	Responsibility	Source of verification
2.1.2.2.1.	Adoption of an amended Law on e-Signature at the state level, aligned with EU acquis	CoMBIH, PABIH	Official Gazette of BiH, Tables of Concordance providing an overview of compliance of a draft/proposal of a legal act with the secondary sources of the EU law, verified by DEI BiH

STEP 2.1.2.3. NCTS at international level in use

NCTS simplifies customs procedures for goods in transit between countries, reducing administrative burdens and delays. Improves the speed and reliability of customs clearance, promoting smoother trade flows across borders. NCTS includes risk assessment features to detect and mitigate potential security threats associated with cross-border movements of goods. Ensures compliance with international customs regulations and standards, reducing the risk of penalties and delays. NCTS at the international level is used to streamline customs procedures, ensure security and compliance, support trade facilitation agreements, and improve data exchange and visibility in transit operations. By implementing a robust legal and regulatory framework, developing suitable technological infrastructure, engaging stakeholders, following a structured implementation approach, and monitoring performance, countries and customs unions can effectively leverage NCTS to enhance cross-border trade efficiency.

This step will be implemented through the activities listed in the table below.

TABLE 64: ACTIVITIES WITHIN STEP 2.1.2.4.

Activity Code	Activity title	Responsibility	Source of verification
2.1.2.3.1.	Full implementation of NCTS Stage 5	CoMBIH, UINO	Subcommittee on energy and transport, announcement by the UINO on start of full implementation of NCTS
2.1.2.3.2.	Decision on the ratification of the Convention on common transit procedure	CoMBIH, PABIH	Official Gazette of BiH

REFORM 2.1.3. – FACILITATE FREE MOVEMENT OF GOODS AND SERVICES THROUGH REDUCED FORMALITIES, HARMONISATION OF REGULATORY FRAMEWORK AND MUTUAL RECOGNITION OF PROFESSIONAL QUALIFICATIONS

Through this reform, efforts will be directed towards facilitating the free movement of goods and services through reduced formalities and harmonization of regulatory frameworks.

The BiH Law on Foreign Trade Policy regulates free flow of goods and services in international trade. Foreign trade, which falls within the competence of the State-level authorities, is the responsibility of the Ministry of Foreign Trade and Economic Relations (MoFTER).

Institutions in the field of **quality infrastructure** that have been established at the state level as autonomous administrative organisations, in accordance with the Law on Ministries and Administrative Bodies of BiH , are

accountable for their work to the Council of Ministers of BiH (CoM BiH). Quality infrastructure institutions established at the Entity and the BDBiH levels are accountable to the Entities' governments and the BDBiH. The Minister of Foreign Trade and Economic Relations of BiH issued a Decision appointing the Working Group for development of the Quality Infrastructure Strategy of BiH, No: 08-1-50-3394-19/19 of 26 November 2020. The Strategy aims at agreeing on a functioning of the quality infrastructure area in BiH.

The legislative framework in the field of accreditation consists of the following laws:

- *Law Establishing the Institute for Accreditation of BiH*
- *Law on Accreditation of BiH*

The Market Surveillance Agency of BiH (MSA) and the inspection authorities of the Entities and the BDBiH are competent bodies for the **market surveillance**. Complaint procedures are available to consumers. The Agency has established a procedure for addressing consumer complaints related to the safety of non-food products. Complaints may be submitted by phone, email or online form, which is available on the Agency's website. The procedure for filing a complaint is simple and it is described in detail, in the consumers section. The Agency initiates a Reactive Market Surveillance based on the information on unsafe products obtained by business entities, consumers, by means of regional notifications and from other sources.

One of the main causes of the problem is the lack of regulations within the framework of the Law on Consumer Protection of BiH. Other problems relate to services of general economic interest. When handling the complaints, the Agency cooperates with competent inspection bodies and other authorities that are indirectly responsible for consumer protection. The Law on Consumer Protection in BiH was adopted in 2006, the Ombudsman drafted a Roadmap for harmonising legislation on consumer protection. In addition to the Roadmap, the Ombudsman sent an Information to the Council of Ministers of BiH, in accordance with Article 101 of the Law on Consumer Protection in BiH, and its implementation is pending.

Legislative framework for technical regulations are as follows:

BOSNIA AND HERZEGOVINA (STATE-LEVEL)

Law on Technical Requirements for Products and Conformity Assessment

Pursuant to this Law, and in line with the implementing regulations - Instruction on terms of development and procedure of adoption of technical regulations, Programme of transposition of technical regulations and Decision on the plan of activities for implementation of the programme of transposition of technical regulations - the Ministry of Foreign Trade and Economic Relations of BiH adopted the orders that were aligned with the acquis that was in force at the time. Along with the orders, the Ministry of Foreign Trade and Economic Relations of BiH published lists of accompanying standards.

In the field of conformity assessment, a Rulebook on designation and supervision of conformity assessment bodies was adopted as an implementing regulation of the Law on Technical Requirements for Products and Conformity Assessment of BiH.

Law on Metrology of BiH

This Law sets the competence of the Institute for Metrology of BiH to conduct conformity assessment of the measuring instruments. The Institute is competent for alignment of legislation with the directives for the field of metrology

REPUBLIKA SRPSKA

Law on Technical Regulations of the RS

Decree on conformity assessment procedure and the method of designating conformity assessment bodies for products

Law on General Safety of Products and specific laws:

The Federation of BiH and the Brčko district of BiH apply the legal institutional framework established by the state-level legislation.

Free movement of people is one of the key policy areas of the CRM aimed at enabling the Western Balkans to implement one of the four freedoms of the EU single market. It is a significant step forward to removing barriers to mobility of people in the region, enabling approximately 18 million people to move freely within the region, also removing barriers to mobility of professionals, students, researchers and professors. The Western Balkans (WB) Foreign Ministers approved three regional agreements - on Freedom of Movement with Identity Cards, on Recognition of Higher Education Qualifications, and on Recognition of Professional Qualifications for Doctors of Medicine, Dentists and Architects – at the WB-EU ministerial meeting, organised within the Berlin Process by the German Government in Berlin on 21 October 2022. The fourth regional agreement was signed in Tirana 16 October 2023 - on the recognition of professional qualifications of nurses, veterinary surgeons, pharmacists, and midwives – at the Berlin Process Summit held in Tirana. Out of a total of 4 mobility agreements, BiH has ratified 2 - while the remaining two are yet to be ratified.

CHALLENGES

As with other reforms in this reform area, the challenges largely stem from the complexity of internal structure of Bosnia and Herzegovina with two entities and Brčko District, joint with complicated decision-making procedures, that often lead to political deadlock. That fact contributes complicated decision-making process thus preventing the agreement on the fulfilment of steps necessary for alignment with the EU acquis in this area.

BENEFICIARIES:

Target beneficiaries of reforms in this area are business entities and citizens of Bosnia and Herzegovina who will benefit from better regulations in the country’s internal market. Advancement in this area can also lead to faster integration into the EU Single market.

TABLE 65: STEPS WITHIN THE REFORM 2.1.3.

Step Code	Title of the step	Responsibility	Deadline for the implementation
2.1.3.1.	Country wide strategy for the quality infrastructure adopted, Law on Accreditation, Law on Market Surveillance and Consumer Protection legislation in BiH in line with the most recent EU acquis adopted and implemented	CoMBiH, GFBiH, GRS; GBD	December 2025
2.1.3.2.	The three CRM mobility agreements signed by WB6 leaders on 3 Nov. 2022 in Berlin: on Freedom of Movement with Identity Cards, on Recognition of Higher Education Qualifications, and on Recognition of Professional Qualifications for Doctors of Medicine, Dentists and Architects; as well as the Agreement on Mutual Recognition of Professional Qualifications for Nurses, Veterinary Surgeons, Pharmacists and Midwives signed in Tirana on 17 Oct. 2023 adopted and ratified	CoMBiH, PABiH, BiH Presidency GFBiH, GRS, GBD	December 2024
2.1.3.3.	New Approach Directives in selected minimum three industrial fields annually transposed and framework for recognition of professional qualifications for 7 professions based on the EU system of automatic recognition adopted and implemented by the competent authorities.	CoMBiH, GFBiH, GRS; GBD	June 2025
2.1.3.4.	Mutual Recognition Programmes (MRPs) for industrial products in line with the EU acquis (electromagnetic compatibility, machinery and construction) adopted and implemented	CoMBiH, GRS, GFBiH, GBD	June 2026
2.1.3.5.	Full Transposition of the EU Directive on services in the internal market into legislation in Bosnia and Herzegovina, including the establishment of Contact Points for the provision of services at every level of government in BiH, which will be interconnected	CoMBiH, GRS, GFBiH, GBD	June 2027

Step 2.1.3.1. Country wide strategy for the quality infrastructure adopted, Law on Accreditation, Law on Market Surveillance and BiH Consumer Protection Law in line with the most recent EU acquis adopted and implemented

Strengthening laws on accreditation, market surveillance, and consumer protection ensures that products are safe, reliable, and meet consumer expectations. Aligning with EU quality standards facilitates easier market access for domestic products in the EU and other international markets. By conducting thorough assessments, aligning legislation with international standards, strengthening institutional capacity, implementing effective enforcement mechanisms, and engaging stakeholders, BiH can create a conducive regulatory environment that supports sustainable growth, competitiveness, and integration into global markets.

This step will be implemented through the activities listed in the table below.

TABLE 66: ACTIVITIES WITHIN STEP 2.1.3.1.

Activity Code	Activity title	Responsibility	Source of verification
2.1.3.1.1.	Development of the Quality Infrastructure Strategy	MOFTER BiH, COMBIH, GFBIH, GRS, GBD	Quality Infrastructure Strategy prepared by MOFTER BIH
2.1.3.1.2.	Law on Accreditation aligned with the EU acquis adopted and implemented	CoMBIH, PABIH, GFBIH, GRS, GBD, NARS, PFBIH, BDA	Official Gazette BiH, Table of Concordance providing an overview of compliance of a draft/proposal of a legal act with the secondary sources of the EU law, verified by DEI BiH
2.1.3.1.3.	Law on Market Surveillance aligned with the EU acquis adopted and implemented	CoMBIH, PAGBIH, GFBIH, GRS, BD, NARS, PFBIH, BDA	Official Gazette BiH, Table of Concordance providing an overview of compliance of a draft/proposal of a legal act with the secondary sources of the EU law, verified by DEI BiH
2.1.3.1.4.	Consumer Protection Law aligned with the EU acquis adopted and implemented	CoMBIH, PABIH, GFBIH, GRS, GBD, NARS, PFBIH, BDA	Official Gazette BiH, Table of Concordance providing an overview of compliance of a draft/proposal of a legal act with the secondary sources of the EU law, verified by DEI BiH

Step 2.1.3.2. The three CRM mobility agreements signed by WB6 leaders on 3 Nov. 2022 in Berlin: on Freedom of Movement with Identity Cards, on Recognition of Higher Education Qualifications, and on Recognition of Professional Qualifications for Doctors of Medicine, Dentists and Architects; as well as the Agreement on Mutual Recognition of Professional Qualifications for Nurses, Veterinary Surgeons, Pharmacists and Midwives signed in Tirana on 17 Oct. 2023 adopted and ratified

The agreements signed by WB6 leaders on freedom of movement with identity cards, recognition of higher education qualifications, and recognition of professional qualifications aim to foster regional integration, facilitate mobility, and enhance professional opportunities within the Western Balkans. The adoption and ratification processes involve diplomatic negotiations, parliamentary approval, and subsequent implementation measures to ensure effective enforcement and compliance with agreed standards. These efforts contribute to strengthening regional cooperation, promoting economic development, and enhancing the mobility and professional opportunities for citizens across the WB6 region.

This step will be implemented through the activities listed in the table below.

TABLE 67: ACTIVITIES WITHIN STEP 2.1.3.2

Activity Code	Activity title	Responsibility	Source of verification
2.1.3.2.1.	CRM mobility agreement signed by WB6 leaders on 3 Nov. 2022 in Berlin on Freedom of Movement with Identity Cards adopted and ratified	CoM BiH, PABIH, BiH Presidency	Official Gazette of BiH
2.1.3.2.2.	CRM mobility agreement signed by WB6 leaders on 17 Oct 2023 in Tirana on Agreement on Mutual Recognition of Professional Qualifications for Nurses, Veterinary Surgeons, Pharmacists and Midwives adopted and ratified	CoM BiH, PABIH, BiH Presidency	Official Gazette of BiH

Step 2.1.3.3. New Approach Directives in selected minimum three industrial fields annually transposed and framework for recognition of professional qualifications for 7 professions based on the EU system of automatic recognition adopted and implemented by the competent authorities.

These directives establish harmonized technical standards across EU member states, ensuring that products meet common safety and performance requirements. By annually transposing New Approach Directives into national legislation, countries align their industrial regulations with EU standards. This harmonization facilitates smoother trade within the EU single market and reduces barriers to market entry for manufacturers. Establishing a framework based on the EU system of automatic recognition for professional qualifications (such as doctors, nurses, pharmacists, etc.) ensures that qualified professionals can practice their professions across borders without undergoing lengthy and burdensome recognition procedures. This framework enhances labor mobility, allows professionals to seek job opportunities in different EU countries more easily, and supports the free movement of workers within the EU.

This step will be implemented through the activities listed in the table below.

TABLE 68: ACTIVITIES WITHIN STEP 2.1.3.3

Activity Code	Activity title	Responsibility	Source of verification
2.1.3.3.1.	New Approach Directives in selected minimum three industrial fields annually transposed by the competent authorities based on Quality Infrastructure Strategy	COMBIH, GFBIH, GRS; GBD	Official Gazette of BiH, RS, FBIH BD, Subcommittee on internal market and competition,
2.1.3.3.2.	Recognition of professional qualifications for 7 professions based on the EU system of automatic recognition adopted and implemented by the competent authorities.	COMBIH, GFBIH, GRS; GBD, Cantonal Governments	Official Gazette of BiH, RS, FBIH BD, Subcommittee on internal market and competition

Step 2.1.3.4. Mutual Recognition Programmes (MRPs) for industrial products in line with the EU acquis (electromagnetic compatibility, machinery and construction) adopted and implemented

The adoption and implementation of Mutual Recognition Programmes for industrial products within the EU involve a structured and comprehensive approach based on harmonized legislation, the mutual recognition principle, conformity assessment procedures, national implementation, and robust market surveillance. This framework ensures that industrial products such as those related to electromagnetic compatibility, machinery, and construction can be freely traded within the EU while maintaining high safety and performance standards.

This step will be implemented through the activities listed in the table below.

TABLE 69: ACTIVITIES WITHIN STEP 2.1.3.4

Activity Code	Activity title	Responsibility	Source of verification
2.1.3.4.1.	Specified deadlines and scope of Mutual Recognition Programmes (MRPs) based on Strategy for Quality Infrastructure in Bosnia and Herzegovina for industrial products in line with the EU acquis	CoMBIH, GFBIH, GRS; GBD	Self-assessment by the MOFTER, Subcommittee for Trade, Industry, Customs & Taxation,
2.1.3.4.2.	MRPs for electromagnetic compatibility, machinery and construction adopted and implemented	CoMBIH, FBIH, GRS; GBD	Official gazette of BiH,

Step 2.1.3.5. Full Transposition of the EU Directive on services in the internal market into legislation in Bosnia and Herzegovina, including the establishment of Contact Points for the provision of services at every level of government in BiH, which will be interconnected.

Transposing the EU Directive on services in the internal market (Directive 2006/123/EC) into the legislation of Bosnia and Herzegovina (BiH) involves a comprehensive process to align national laws with EU standards and facilitate the free movement of services. This process includes legislative changes, the establishment of Contact Points, and ensuring interconnectivity at every level of government. This can be achieved by June 2027. The EU Directive on services in the internal market aims to create a single market for services within the EU by: Removing barriers to the free movement of services, Simplifying administrative procedures, Enhancing the rights of service recipients and providers. Transposing the EU Directive on services in the internal market into BiH legislation and establishing interconnected Contact Points

by June 2026 requires a coordinated and multi-faceted approach. By following these steps, Bosnia and Herzegovina can effectively align its legal framework with EU standards, facilitate the free movement of services, and enhance the overall business environment.

This step will be implemented through the activities listed in the table below.

TABLE 70: ACTIVITIES WITHIN STEP 2.1.3.5.

Activity Code	Activity title	Responsibility	Source of verification
2.1.3.5.1.	Establishment of the services legislation register containing complete services legislation from all levels of government (BiH, FBiH, RS, BD, and ten cantons) that is relevant to the EU Services Directive	CoMBiH, GFBiH, GRS, GBD, Cantonal governments	Report on the establishment of the services legislation register
2.1.3.5.2.	Review legislation from the established register containing complete services legislation in order to identify the pieces of legislation that will have to be amended in order to be aligned with the Services Directive	CoMBiH, GFBiH, GRS, GBD, Cantonal government	Report on the reviewed legislation from the established register verified by DEI
2.1.3.5.3.	Transposition of the Services Directive into BiH legal system taking into account the distribution of competences in the field of internal and external trade in services among the levels of government	CoMBiH, GFBiH, GRS, GBD, Cantonal government	Official gazette of BiH, FBiH, RS, BD, Cantons, Tables of Concordance providing an overview of compliance of a draft/proposal of a legal act with the secondary sources of the EU law, verified by DEI BiH
2.1.3.5.4.	Establishment of interconnected contact points at all levels of government that provide all the required functionalities of a Point of Single Contact and participation in the European system of national e-government portals	GFBiH, GRS, GBD	Subcommittee on internal market and competition, Contact Points established and functional on dedicated web page

REFORM 2.1.4. – SIMPLIFY PROCESSES TO FACILITATE AN ENABLING BUSINESS ENVIRONMENT

This reform underscores the importance of simplifying processes, enhancing dispute resolution mechanisms, and deploying advanced technologies while improving the business environment, reduce administrative obstacles and raise the level and quality of public services that business entities in BiH, have to overcome, or count on in their business operations, respectively. Activities will be particularly focused on changes in legislation governing operations of business entities and institutions, especially related to the improvement of the regulatory framework of entrepreneurial infrastructure, and tax and administrative reforms, including digitisation, with the aim of reducing the grey economy and facilitating declaration of tax. Bosnia and Herzegovina has the obligation to harmonise the quality infrastructure system with the provisions of the Stabilisation and Association Agreement with the EU, which defines the harmonisation of the quality infrastructure system in BiH with the European model (Article 75). The adoption of the Quality Infrastructure Strategy of BiH in 2024 will follow the recommendation of the European Commission from the 2022 Report. Harmonisation of the legal framework in the areas of Free Movement of Goods with the law and rules of the EU and international agreements (CEFTA, WTO, etc.) in BiH implies the continuation of the harmonisation of national legislation on products with the *acquis* and principles of the EU and modern standards, as well as participation in the activities of transposition of harmonised European standards (EN) and their availability to users. It includes continuation of the removal of the so-called “conflicting” SFRY legislation and mandatory JUS 56 standards from the legal system, as well as the establishment and improvement of a publicly available Register of valid regulations, Information points on products, on valid regulations and standards and designated certification bodies.

Unleashing the potential of the digital economy in the WB6 would facilitate exchanges of goods and services and intensify trade by enabling more products and services to be exported to more markets, often by younger firms. The internet is also reducing transaction costs, offering an avenue for the WB6 to accelerate their integration within the region, as well as with the EU and other developed markets. To integrate the Western Balkans into the pan-European digital space, the region needs to remove obstacles to e-Commerce, introduce interoperability and mutual recognition of electronic identification. The goal is more efficient and cheaper customs clearance of parcels in CEFTA, generated by regional electronic commerce;

New Law on the Prevention of Money Laundering and Financing of Terrorist Activities is to be adopted. The Law was drafted with the support of the IMF consultants and representatives of the European Commission, while representatives of the RS Ministry of Finance and other RS bodies participated in its drafting. It is necessary to adopt bylaws defined by Article 101 of the Law on Prevention of Money Laundering and Financing of Terrorist Activities of Bosnia and Herzegovina.

CHALLENGES

Challenges related to the Anti-Money Laundering (AML) law in Bosnia and Herzegovina may include Complex Legal Framework and Lack of Coordination. Lack of coordination among different competent authorities and entities can hinder the effective enforcement of the law throughout the territory of Bosnia and Herzegovina.

Money Laundering Across Various Sectors is also a challenge. Money laundering may occur across different sectors of the economy, such as financial, real estate, or trade, requiring an integrated approach to prevent and detect such activities.

International Cooperation is crucial for combating money laundering. Addressing cross-border money laundering threats requires robust international cooperation and information exchange, which may be constrained by a lack of effective collaboration mechanisms.

Addressing these challenges requires the engagement of all relevant stakeholders, strengthening the capacity of competent institutions, continuous alignment with international standards, as well as enhancing coordination and cooperation among different sectors and entities in Bosnia and Herzegovina.

BENEFICIARIES

The targeted group for the Anti-Money Laundering (AML) law in Bosnia and Herzegovina may include:

- *Financial Institutions: Banks, insurance companies, investment firms, and other entities managing financial transactions.*
- *Non-profit Organizations: Entities collecting or disbursing funds, especially those subject to international transactions or foreign funding.*
- *Legal and Accounting Firms: Entities providing consulting, accounting, or legal services, which could be used to conceal illicit activities.*
- *Real Estate Agents: Real estate agents, art dealers, and others facilitating high-value transactions that could be exploited for money laundering purposes.*
- *Central Authorities and Regulatory Bodies: Organizations responsible for law enforcement and regulations pertaining to anti-money laundering efforts.*
- *Private Sector in General: Any company or individual engaged in financial transactions or asset management falls under the provisions of the Anti-Money Laundering law.*
- *Civil Society: Organizations and individuals involved in monitoring the implementation of laws and promoting transparency in financial transactions.*

This diverse set of stakeholders plays a crucial role in combating money laundering in Bosnia and Herzegovina by ensuring that legislation is consistently enforced and by identifying and preventing illicit activities.

TABLE 71: STEPS WITHIN THE REFORM 2.1.4.

Step Code	Title of the step	Responsibility	Deadline for the implementation
2.1.4.1.	Register of beneficial ownership established and fully functional across all respective level of authority, in line with the EU acquis	MoS BiH, , MoJ FBiH, MoJ RS, JC BD	June 2025
2.1.4.2.	The domestic legislation that conflicts with EU legislation, including ex-Yu standards that conflict with those aligned with European standards mapped and repealed countrywide	CoMBiH, MOFTER, GFBiH, GRS, GBD	June 2027

2.1.4.3.	Regional measures against geo-blocking, regional trade facilitation measures for parcels based on EU practices (e.g. VAT e-commerce package), and WCO standards adopted	PABiH	June 2027
2.1.4.4.	Dispute resolution framework improved and harmonised by adopting set of Laws for alternative dispute resolution across all respective levels of authority and implemented (i.e. Law on Mediation Procedure Law on Arbitration, Law on Alternative Dispute Resolution)	MoJ BiH, MoJ RS, MoJ FBiH, JC BD	December 2026
2.1.4.5.	AML/CFT Law and bylaws implemented and a minimum of 80% compliance score with EU AML/CFT standards in international assessments achieved	MoS BiH	June 2027

Step 2.1.4.1. Register of beneficial ownership established and fully functional across all respective level of authority, in line with the EU acquis

Establishing and ensuring the functionality of a Register of Beneficial Ownership across all levels of authority, in line with the EU acquis (EU laws and regulations), is crucial for several reasons. A Register of Beneficial Ownership helps to identify the ultimate owners and controllers of legal entities, such as companies and trusts. This transparency is essential for preventing money laundering, terrorist financing, and other financial crimes by exposing the individuals who benefit from illicit activities. Knowing the true owners of companies promotes better corporate governance practices, discourages fraudulent activities, and fosters trust among investors and stakeholders. Investors and consumers are more likely to engage with businesses operating in a transparent environment, which supports market integrity and sustainable economic growth. Establishing and ensuring the functionality of a Register of Beneficial Ownership in line with EU acquis is essential for promoting transparency, combating financial crime, enhancing regulatory oversight, and fostering fair competition in the market.

TABLE 72: ACTIVITIES WITHIN STEP 2.1.4.1.

Activity Code	Activity title	Responsibility	Source of verification
2.1.4.1.1.	Creation of a technical solution for the register of beneficial ownership	MoS BiH	Report on technical solution for the register prepared by MoS BiH
2.1.4.1.2.	Establish a register of beneficial owners, including through agreeing on the modalities for information provision by relevant authorities	MoS BiH	Register accessible on respective web page

Step 2.1.4.2. The domestic legislation that conflicts with EU legislation, including ex-Yu standards that conflict with those aligned with European standards mapped and repealed countrywide

EU membership or accession processes require countries to align their legislation with EU laws and regulations. Conflicting domestic laws hinder this alignment and can create legal uncertainties. Repealing conflicting laws eliminates discrepancies between domestic and EU laws, providing legal certainty for businesses, investors, and citizens operating within the country. This process not only facilitates access to EU funding and support but also reinforces the country's commitment to international norms and standards, benefiting both the government and its citizens in the long term.

TABLE 73: ACTIVITIES WITHIN STEP 2.1.4.2.

Activity Code	Activity title	Responsibility	Source of verification
2.1.4.2.1.	Establish a list of technical regulations in force	MOFTER BiH,	List of technical regulations prepared and reported by MOFTER
2.1.4.2.2.	Mapping of technical regulation that conflicts with EU legislation, including ex-Yu standards	MOFTER BiH,	List of conflicting regulation prepared and reported by MOFTER
2.1.4.2.3.	Repeal X ex-Yu standards that conflict with European standards	CoMBiH, GRS, GFBiH, GBD	List of repealed ex-Yu standards prepared by respective

			governments/administrative bodies
2.1.4.2.4.	Introduce EU-compliant standards for repealed ex-Yu standards	CoMBIH, GFBIH, GRS, GBD	List of introduced EU compliant standards prepared by respective governments/administrative bodies

Step 2.1.4.3. Regional measures against geo-blocking, regional trade facilitation measures for parcels based on EU practices (e.g. VAT e-commerce package), and WCO standards adopted

In 2020, the CEFTA Joint Committee endorsed E-commerce Roadmap which sets out key priorities in area of digital trade. This includes harmonisation of core rules and introduction of common market principle, as well as facilitation of customs clearance of parcels and removal of unjustified geo-blocking. This agenda has been confirmed by the leaders of the Western Balkans in Common Regional Action Plan The special Joint Committee meeting Ministerial Conclusions 2 July 2021 welcomed the finalization of the text of the Decision on facilitation of electronic commerce and urged Parties to complete the internal procedures for its adoption. The implementation of the Decision will ensure the level of harmonisation provided in EU E-commerce Directive and Consumer Protection Directive (e-commerce provisions), including introducing common market principle which allows that suppliers of online services are subject to the rules of a Party in which they are established and not where the service is supplied. Furthermore, Parties agreed on the Decision on prevention of unjustified geo-blocking enabling transposition of geo-blocking. Adopting regional measures against geo-blocking, regional trade facilitation measures for parcels based on EU practices such as the VAT e-commerce package, and World Customs Organization (WCO) standards involves a comprehensive approach that aligns with international norms and facilitates smooth cross-border trade. This process aims to create a more integrated and efficient market environment, enhancing both regulatory frameworks and operational procedures and will bring key elements of the EU Digital Single Market into the region. The following activities, outlined in Table 74, detail the necessary steps for Bosnia and Herzegovina (BiH) to achieve these goals.

TABLE 74: ACTIVITIES WITHIN STEP 2.1.4.3.

Activity Code	Activity title	Responsibility	Source of verification
2.1.4.3.1.	Adopt framework to harmonise key regulatory rules and set up key principles for regional electronic commerce based on the relevant EU acquis	CoMBIH, PABiH	Official gazette of BiH, Table of Concordance providing an overview of compliance of a draft/proposal of a legal act with the secondary sources of the EU law, verified by DEI BiH
2.1.4.3.2.	Adopt regional trade facilitation measures for parcels based on EU practices (e.g. VAT e-commerce package) and WCO standards	CoM BiH, PABiH	Official gazette of BiH, Table of Concordance providing an overview of compliance of a draft/proposal of a legal act with the secondary sources of the EU law, verified by DEI BiH
2.1.4.3.3.	Adopt regional measures against geo-blocking	CoMBIH, PABiH	Official gazette of BiH, Table of Concordance providing an overview of compliance of a draft/proposal of a legal act with the secondary sources of the EU law, verified by DEI BiH

Step 2.1.4.4. Dispute resolution framework improved and harmonised by adopting set of Laws for alternative dispute resolution across all respective levels of authority and implemented (i.e. Law on Mediation Procedure Law on Arbitration, Law on Alternative Dispute Resolution)

The law on the mediation procedure exists at the BiH level while on entity levels the The Civil Procedure Act contains provisions on arbitration. Complete legal framework should be improved. Improving and harmonizing the dispute

resolution framework through the adoption of laws on mediation, arbitration, and alternative dispute resolution methods is essential for enhancing judicial efficiency, reducing costs, preserving relationships, and ensuring legal certainty. Effective implementation of Alternative Dispute Resolution laws contributes to a fair and efficient dispute resolution environment that supports sustainable growth, innovation, and social stability.

TABLE 75: ACTIVITIES WITHIN STEP 2.1.4.4.

Activity Code	Activity title	Responsibility	Source of verification
2.1.4.4.1.	Analysis of existing legal solutions	MoJ BiH	Subcommittee for internal market and competition, Report on Analysis prepared by MoJ BiH
2.1.4.4.2.	Adoption of a framework for alternative dispute resolution across all respective levels of authority and adoption/amendment of relevant legislation	MoJ BiH, FMoJ FBiH, MoJ RS, JC BD	Subcommittee for internal market and competition, Official Gazette of BiH, FBiH, RS and BD

Step 2.1.4.5. AML/CFT Law and bylaws implemented and a minimum of 80% compliance score with EU AML/CFT standards in international assessments achieved

AML/CFT (Anti-Money Laundering/Combating the Financing of Terrorism) laws are crucial for detecting, preventing, and deterring money laundering activities, which can involve the proceeds of criminal activities such as drug trafficking, corruption, and fraud. Achieving compliance with EU AML/CFT standards demonstrates a commitment to international best practices and regulatory frameworks. It enhances the country's reputation as a responsible financial jurisdiction and facilitates cooperation with EU member states. Implementing AML/CFT laws and achieving a high compliance score with EU standards is critical for combating financial crime, enhancing national security, and promoting regulatory integrity in the financial sector.

TABLE 76: ACTIVITIES WITHIN STEP 2.1.4.5.

Activity Code	Activity title	Responsibility	Source of verification
2.1.4.5.1.	Adoption of the decision on the establishment of a permanent coordination body consisting of representatives of the competent authorities from Article 4 point aa) of the law	MoS BiH	Official gazette of BiH,
2.1.4.5.2.	Adopting a decision on Determining the factors on the basis of which it is assessed whether a business relationship or transaction is of low risk;	MoS BiH	Official gazette of BiH, Subcommittee for internal market and competition
2.1.4.5.3.	Adoption of the rulebook on Determining the manner of forming, updating and publishing the list of public functions from Article 4 point s);	MoS BiH	Official gazette of BiH, Subcommittee for internal market and competition
2.1.4.5.4.	Adoption of the rulebook on the types of data on transactions made by their clients that the Obligers from Article 5 of the Law will submit to the FOO in electronic form; establishment of a list of indicators for identifying suspicious transactions, i.e. assets and clients in connection with which there are reasons to suspect money laundering or financing of terrorist activities;	MoS BiH	Official gazette of BiH, Subcommittee for internal market and competition
2.1.4.5.5.	Adoption of a decision on how to create a list of high-risk countries with strategic deficiencies in the field of preventing money laundering and terrorist financing and countries where there is a higher probability of money laundering and financing of terrorist activities.	MoS BiH	Official gazette of BiH, Subcommittee for internal market and competition
2.1.4.5.6.	Adoption of the Action Plan for the fight against money laundering and financing of terrorism in Bosnia and Herzegovina (which includes the establishment of a framework for continuous training of reporting employees	MoS BiH	Official gazette of BiH, Subcommittee for internal market and competition

2.1.4.5.7.	Adoption of the document Assessment of the risk of money laundering and terrorist financing in accordance with the recommendations of the Financial Action Task Force	MoS BiH	Official gazette of BiH, Subcommittee for internal market and competition
2.1.4.5.8.	Moneyval evaluation report	MoS BiH	Moneyval report

REFORM 2.1.5. DEPLOYMENT OF E-FREIGHT AND INTELLIGENT TRANSPORT SYSTEMS

This reform underscores the importance of simplifying processes, and deploying advanced technologies. The strategy for the development of transport infrastructure in Bosnia and Herzegovina is in the process of being developed and should be completed and adopted by the end of 2024. The eFTI Regulation adopted in 2020, will roll out fully by 2025 and the EU member states have already started preparation activities to enforce the digitalisation of freight transport and logistics to reduce administrative and operational costs. As the EU is one of the major partners, the Western Balkans aim to align with the EU developments, namely eFTI Regulation.

TABLE 77: STEPS WITHIN THE REFORM 2.1.5.

Step Code	Title of the step	Responsibility	Deadline for the implementation
2.1.5.1.	Adopt legislative framework for alignment with Regulation (EU) 2020/1056 on electronic freight transport information (eFTI)	PABIH; MTC BiH BiH	December 2025
2.1.5.2.	Ratify Road international convention (eCMR) needed to deploy eFTI	PABIH; MTC BiH , BiH Presidency	December 2025
2.1.5.3.	ITS frameworks and standards for road and rail implemented	MTC BiH, MTC RS, MTC FBiH	December 2026
2.1.5.4.	Waiting time at BCPs and CCPs reduced by 10% as a result of using the e-freight system (intra Western Balkans only)	BiH (MTC)	December 2027
2.1.5.5.	ITS on 50 Kms of the TEN-T road network is operational	BiH (MTC), MTC RS, MTC FBiH	December 2027

STEP 2.1.5.1. Aligned with Regulation (EU) 2020/1056 on electronic freight transport information (eFTI)

Regulation (EU) 2020/1056 promotes the digitalization of freight transport information, replacing traditional paper-based systems with electronic formats. This enhances efficiency by reducing administrative burdens, paperwork, and processing times associated with logistics and transport operations. Transitioning to electronic freight transport information (eFTI) reduces costs related to printing, storage, and manual handling of paper documents. It also minimizes errors and delays in data processing, leading to overall cost savings for businesses and stakeholders involved in transport logistics.

This step will be implemented through the activities listed in the table below.

TABLE 78: ACTIVITIES WITHIN STEP 2.1.5.1.

Activity Code	Activity title	Responsibility	Source of verification
2.1.5.1.1.	Transpose Regulation (EU) 2020/1056 on electronic freight transport information (eFTI) into BiH legal system	PABIH, MTC BiH, MTC FBiH, MTC RS	Official gazette of BiH, Table of Concordance providing an overview of compliance of a draft/proposal of a legal act with the secondary sources of the EU law, verified by DEI BiH

Step 2.1.5.2. Road international convention (eCMR) needed to deploy eFTI ratified.

The eCMR Road International Convention facilitates the adoption of electronic consignment notes (eCMR), which replace traditional paper-based documents with digital formats. This promotes efficiency by streamlining administrative processes, reducing paperwork, and minimizing errors associated with manual data handling. Ratifying the eCMR Convention provides a recognized legal framework for using electronic consignment notes in international road transport. It ensures that eCMR documents are legally equivalent to traditional paper documents, enhancing legal certainty for transport operators and facilitating cross-border transport operations.

This step will be implemented through the activities listed in the table below.

TABLE 79: ACTIVITIES WITHIN STEP 2.1.5.2.

Activity Code	Activity title	Responsibility	Source of verification
2.1.5.2.1.	Ratification of Road international convention (eCMR)	PABIH; MTC BiH BiH Presidency	Official gazette of BiH

Step 2.1.5.3. ITS frameworks and standards for road and rail implemented

ITS technologies optimize traffic flow, reduce congestion, and improve the overall efficiency of transportation networks. This leads to faster travel times, lower fuel consumption, and reduced emissions. ITS can enhance road and rail safety through systems like collision avoidance, automated warning systems, and real-time monitoring of infrastructure conditions, thereby reducing accidents and improving emergency response. ITS provides real-time information to travelers about traffic conditions, alternative routes, public transport schedules, and parking availability. This improves the overall user experience and satisfaction with transportation services. Enhanced transportation efficiency supports economic productivity by reducing time lost in traffic and improving supply chain logistics. ITS can reduce operational costs for transport operators and logistics companies by improving efficiency, minimizing delays, and optimizing resource allocation. This strategic approach helps create smarter, safer, and more sustainable transport networks capable of meeting future mobility challenges effectively. Within this step, it is necessary to harmonize the BiH legislation with the following EU acquis:

- *Directive 2010/40/EU of the European Parliament and of the Council of 7 July 2010 on the framework for the deployment of Intelligent Transport Systems in the field of road transport and for interfaces with other modes of transport (OJ L 207, 6. 8.2010, p. 1).*
- *Commission Implementing Decision 2011/453/EU of 13 July 2011 adopting guidelines for reporting by the Member States under Directive 2010/40/EU of the European Parliament and of the Council (OJ L 193,23. 7.2011, p. 48).*
- *Commission Implementing Decision (EU) 2016/209 of 12 February 2016 on a standardisation request to the European standardisation organisations as regards Intelligent Transport Systems (ITS) in urban areas in support of Directive 2010/40/EU of the European Parliament and of the Council on the framework for the deployment of Intelligent Transport Systems in the field of road transport and for interfaces with other modes of transport (OJ L 39, 16. 2. 2016, p. 48).*
- *Commission Delegated Regulation (EU) No 305/2013 of 26 November 2012 supplementing Directive 2010/40/EU of the European Parliament and of the Council with regard to the harmonised provision for an interoperable EU-wide eCall (OJ L 91, 3.4.2013, p. 1).*
- *Commission Delegated Regulation (EU) No 885/2013 of 15 May 2013 supplementing ITS Directive 2010/40/EU of the European Parliament and of the Council with regard to the provision of information services for safe and secure parking places for trucks and commercial vehicles (OJ L 247, 18. 9.2013, p. 1).*
- *Commission Delegated Regulation (EU) No 886/2013 of 15 May 2013 supplementing Directive 2010/40/EU of the European Parliament and of the Council with regard to data and procedures for the provision, where possible, of road safety-related minimum universal traffic information free of charge to users (OJ L 247, 18.9.2013, p. 6).*
- *Commission Delegated Regulation (EU) 2015/962 of 18 December 2014 supplementing Directive 2010/40/EU of the European Parliament and of the Council with regard to the provision of EU-wide real-time traffic information services (OJ L 157, 23. 6.2015,*
- *Decision No 585/2014/EU of the European Parliament and of the Council of 15 May 2014 on the deployment of the interoperable EUwide eCall service (OJ L 164, 3. 6.2014, p. 6).*

This step will be implemented through the activities listed in the table below.

TABLE 80: ACTIVITIES WITHIN STEP 2.1.5.3.

Activity Code	Activity title	Responsibility	Source of verification
2.1.5.3.1.	Adopt the Framework ITS strategy	MTC BiH	Official gazette of BiH, Strategy adopted by MTC BiH
2.1.5.3.2.	Integrate ITS early in the planning and design process for all modes of transport by development of guidelines or regulations requiring the consideration of ITS in transport planning and design	MTC BiH	Official gazette of BiH, Self assessment by MTC BiH
2.1.5.3.3.	Establish a permanent ITS Steering committee, to coordinate all ITS initiatives, regardless of the mode, cooperate and participate with the EU ITS agencies and neighboring countries to ensure interoperability and integration of ITS technologies,	MTC BiH	Official gazette of BiH
2.1.5.3.4.	Develop a supportive regulatory and policy framework to facilitate ITS deployment and deployment of road traffic management centers.	MTC BiH	Official gazette of BiH, Self-assessment by MTC BiH
2.1.5.3.5.	Raise public awareness about the benefits of ITS and engage the public in the planning and implementation processes	MTC BiH	Webpage publications, social media publication, traditional media publication
2.1.5.3.6.	Establishing inter-agency agreements on ITS implementation that outline the shared objectives, responsibilities, and commitments of each agency and creating a performance monitoring framework to track the effectiveness and progress of ITS implementation,	MTC BiH	Official gazette of BiH
2.1.5.3.7.	Improve safety, capacity, and traffic management of the railway traffic in core TEN-T rail network by ensuring that 40% of the core TEN-T Railway Network to be in construction will include ERTMS,	MTC BiH	Self-Assessment by MTC BiH

Step 2.1.5.4. Waiting time at BCPs and CCPs reduced by 50% as a result of using the e-freight system (intra Western Balkans only)

Shorter waiting times improve the flow of goods across borders, facilitating smoother trade operations within the Western Balkans region. This reduces delays, operational bottlenecks, and associated costs for businesses engaged in intra-regional trade. Reduced waiting times lead to lower transport costs, including fuel expenses and labor costs for drivers and logistics providers. This improves the overall competitiveness of businesses by making trade more cost-effective and efficient.

This step will be implemented through the activities listed in the table below.

TABLE 81: ACTIVITIES WITHIN STEP 2.1.5.4.

Activity Code	Activity title	Responsibility	Source of verification
2.1.5.4.1.	CEFTA SEED to be tested to SEED's applicability for the eFTI gates and platforms in order to reduce waiting time at BCP and CCP	MOFTER, MTC BiH	Transport community data, CEFTA reports

Step 2.1.5.5. ITS on 50 Kms of the TEN-T road network is operational

Implementing ITS on 50 kilometers of the TEN-T road network enhances traffic management, improves road safety, promotes environmental sustainability, supports EU transport policy objectives, and facilitates modal shift towards more sustainable transport modes.

This step will be implemented through the activities listed in the table below.

TABLE 82: ACTIVITIES WITHIN STEP 2.1.5.5.

Activity Code	Activity title	Responsibility	Source of verification
2.1.5.5.1.	Introduction of ITS in the newly built TEN-T road network.	MTC BiH, MTC RS , MTC FBiH	Subcommittee on transport, energy, environment and regional development, self assessment by MTC BiH

COMPONENT – 2.2. ACCESS TO FINANCE

The purpose of this measure is to improve the business environment, reduce administrative obstacles and raise the level and quality of public services that business entities in BiH, have to overcome, or count on in their business operations, respectively. Activities will be particularly focused on changes in legislation governing operations of business entities and institutions, especially related to the improvement of the regulatory framework of entrepreneurial infrastructure, and tax and administrative reforms, including digitisation, with the aim of reducing the grey economy and facilitating declaration of tax.

REFORM 2.2.1. –PUT IN PLACE A SYSTEM TO FINANCIALLY SUPPORT INNOVATIVE STARTUPS AND MSMEs

The main purpose of the structural reform, which consists of two measures, is to improve: the competitiveness of the economy by supporting technological development (the first measure) and important elements of business conditions (the second measure) in order to remove obstacles to greater investments in technological modernisation and develop the economy based on knowledge and innovation and able to achieve higher productivity level. This reform primarily concerns the fulfilment of the Copenhagen economic criteria on the need to boost competitiveness of the economy, i.e., to prepare it for integration in the EU economy, as an integral part of cluster 1, “Fundamentals”, within the EU accession negotiations with candidate countries. Also, it refers to parts of Recommendation 4 of the Joint Conclusions of the Economic and Financial Dialogue between the EU and the Western Balkans and Turkey from May 2023 (JC) pertaining to the simplification of administrative procedures, while the better integrated internal market (cluster 2) is treated within the framework of a special reform concerning the creation of conditions for digital transition. The structural reform was formulated in accordance with strategic documents at all levels, including the “2021-2024 Common Regional Market.

As part of this reform, it is planned to adopt smart specialisation strategies of BiH and RS and Strategic guidelines for the harmonisation of SME support in BiH for 2023-2027. This measure is based on the following strategic documents, in the FBiH: FBiH Development Strategy 2021–2027, FBiH Tourism Development Strategy 2022–2027; and in the RS: SME development strategy of the Republika Srpska for 2021–2027; Industry development strategy of the Republika Srpska for 2021–2027; Strategy of development of science and technology, higher education and information society in the Republika Srpska for 2023-2029; Strategy for the development of agriculture and rural areas of the Republika Srpska for 2022-2027; Tourism Development Strategy of the Republika Srpska 2021–2027; the system of incentive programmes is defined by the Law on Incentives in the Economy of the Republika Srpska, with the aim of attracting investors with higher level of technological development.

The importance of small and medium-sized enterprises (SMEs) to countries’ economies is undisputed. They account for a large majority of firms and are responsible for generating, on average, more than half of countries’ employment and value added. As active members of the economy, they are also subject to regulations and policies enacted by government to improve the lives of citizens and businesses. However, because of their size and limited resources, these firms can find complying with regulations and understanding the legal environment cumbersome. SMEs face significant uncertainty when operating; consequently, when it comes to a new regulation, some small business may end up bearing the costs without surviving long enough to enjoy its intended long-term benefits. Among regulatory management tools, the SME test provides policy makers with pertinent information on the potential impact of regulations on SMEs, considering their particularities and the proportionality of the impacts. The test can also help identify relevant potentially affected groups and support the design of regulatory or non-regulatory alternatives that help achieve the desired goals with fewer burdens on these firms. Even though more than two-thirds of OECD countries look at how regulations affect small businesses, the depth and breadth of this analysis vary. It can range from a simple check on whether SMEs could be affected to a full evaluation of impacts and policy alternatives, involving several rounds of consultations, or anything in between.

Challenges

Many startups and SMEs in BiH face challenges in accessing financing due to limited availability of venture capital, angel investment, and bank loans tailored to their needs. A complex and sometimes ambiguous regulatory environment can pose challenges for startups and SMEs seeking financial support, leading to compliance burdens and delays in accessing funding.

Target beneficiaries

The beneficiaries for implementing a system to financially support innovative startups and SMEs in Bosnia and Herzegovina (BiH) could include entrepreneurs and those who will be. Direct financial support would enable startups to access capital for research and development, product refinement, market expansion, and hiring skilled personnel. SMEs, particularly those engaged in innovative activities, would benefit from financial assistance to foster growth, improve competitiveness, and create jobs. Investors, including venture capitalists, angel investors, and private equity firms, would have opportunities to invest in promising startups and SMEs, potentially generating financial returns while supporting innovation and economic growth. Research and Development Institutions involved in research and development would benefit from increased funding opportunities to support innovative projects and collaborations with startups and SMEs. Economic development and job creation resulting from supported startups and SMEs can have positive spillover effects on local communities, including increased employment opportunities and economic vitality. Institutions offering entrepreneurship education and training programs would see increased demand as aspiring entrepreneurs seek to enhance their skills and knowledge to succeed in innovative ventures.

TABLE 83: STEPS WITHIN THE REFORM 2.2.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
2.2.1.1.	Entity levels Innovation Plans until 2025 are updated and harmonised	GRS, GFBIH, GBD	December 2025
2.2.1.2.	Country-wide smart specialisation strategy and a new 2023-2028 strategy and action plan for scientific development are adopted	BIH (DEP and WG for development of the Smart Specialisation Strategy of BIH),	December 2026
2.2.1.3.	Improve the regulatory impact assessment in process of drafting regulations to cover the impact on SMEs, in accordance with competences.	CoM BIH, GRS, GFBIH and GBD	December 2025
2.2.1.4.	Framework for Strategic guidelines for harmonisation of entity's support for SMEs and entrepreneurship is adopted, in particular startups and MSMEs in digital sector (Law on investment funds)	MOFTER BIH;, MODEC FBiH, MEE RS	December 2025

Step 2.2.1.1. Entity levels Innovation Plans until 2025 are updated and harmonised

Harmonizing and updating Innovation Plans across entities (such as government agencies, research institutions, and private sector entities) fosters collaboration, reduces duplication of efforts, and enhances synergy in innovation activities. The entity governments collect data on innovation support from their respective jurisdictions and all lower levels (the FBiH Government from the cantonal and municipal/city levels, the RS Government from the municipal/city levels). After that, the entity governments define areas where there are differences in approach/acceptability or in other criteria, and then determine the method and deadlines for harmonization.

This step will be implemented through the activities listed in the table below.

TABLE 84: ACTIVITIES WITHIN STEP 2.2.1.1.

Activity Code	Activity title	Responsibility	Source of verification
2.2.1.1.1.	Analysis of existing entity innovation plans	MODEC FBiH; MEE RS	Reports from the MODEC of FBiH and MEE of RS
2.2.1.1.2.	Updating and harmonizing innovation plans at all levels	MODEC FBiH; MEE RS	Official gazette of FBiH, RS, reports from the MODEC of FBiH and MEE of RS

Step 2.2.1.2. Country-wide smart specialisation strategy and a new 2023-2028 strategy and action plan for scientific development are adopted

A country-wide smart specialization strategy ensures that innovation efforts are targeted towards sectors and areas where the country has competitive advantages and potential for growth. Adopting a smart specialization strategy is a complex but essential process for regional development and innovation. Through carefully planned steps, active stakeholder engagement, and continuous monitoring of progress, it is possible to develop and implement a strategy that maximizes regional potentials and contributes to sustainable economic growth."The process of dialogue with stakeholders (EDP) for the smart specialization strategy includes forming a working group with representatives from the government, industry, academia, and civil society. Steps include identifying key stakeholders, organizing workshops, meetings, interviews, and surveys, using digital tools, evaluating proposals, providing feedback, adapting the strategy, and transparent communication. This participatory method ensures the inclusion of all relevant actors and is based on real regional potentials and needs.

This step will be implemented through the activities listed in the table below.

TABLE 85: ACTIVITIES WITHIN STEP 2.2.1.2.

Activity Code	Activity title	Responsibility	Source of verification
2.2.1.2.1..	The development of a Smart Specialisation Strategy of BIH	BIH (DEP and WG for development of the Smart Specialisation Strategy of BIH),	Official gazette of BIH, reports from DEP and WG for development of 3S
2.2.1.2.2.	Adoption of a Smart Specialisation Strategy of BIH	CoM BIH	Official gazette of BIH
2.2.1.2.3.	Development of 2023-2028 strategy and action plan for scientific development	MES FBiH; MSTDHE RS , Cantonal Governments	Reports from MSTDHE of RS and MES of FBiH
2.2.1.2.4..	Adoption of 2023-2028 strategy and action plan for scientific development are adopted	MES FBiH; MSTDHE RS , Cantonal Governments	Official gazette of FBiH, RS,

Step 2.2.1.3. Improve the regulatory impact assessment in process of drafting regulations to cover the impact on SMEs, in accordance with competences.

Regulatory impact assessment is applied across the country and has been expanded to cover the impact on SMEs, though it is not conducted consistently. By systematically integrating SME considerations into the regulatory drafting process through enhanced RIA practices, policymakers can create a more supportive regulatory environment. This approach not only reduces compliance costs and administrative burdens on SMEs but also promotes their growth, innovation, and resilience in the broader economy. Adoption of the methodology in accordance with the OECD Best Practice Principles on Regulatory Impact Assessment will gradually lead to a consistent assessment of impacts on SMEs in regulatory impact assessments during the early stages of law-making.

This step will be implemented through the activities listed in the table below.

TABLE 86: ACTIVITIES WITHIN STEP 2.2.1.3.

Activity Code	Activity title	Responsibility	Source of verification
2.1.1.3.1.	Development of methodology in accordance with the OECD Best Practice Principles on Regulatory Impact Assessment	CoM BIH, GFBiH, GRS, GBD	SIGMA report, Subcommittee on internal market and competition, self assessment of relevant ministries

Step 2.2.1.4. Framework for Strategic guidelines for harmonisation of entity's support for SMEs and entrepreneurship is adopted, in particular startups and MSMEs in digital sector

The laws governing investment funds have existed within entities for a long time. Although there are no laws on investment funds at the cantonal level, there is significant support for MSMEs approved by the Cantonal Governments. As a first step in preparing strategic guidelines, an analysis will be conducted to establish a solid foundation for analyzing the legislative framework and practices at all levels in Bosnia and Herzegovina. Following the performed analysis, adopting strategic guidelines aimed at harmonizing entity support for SMEs and entrepreneurship, especially startups and MSMEs in the digital sector, requires a systematic approach. By defining clear objectives, aligning regulatory

frameworks, enhancing financial support mechanisms, building entrepreneurial capacity, and fostering collaboration, countries can create an enabling environment that nurtures innovation, fosters economic growth, and positions their digital economy for sustainable development in the global market. This strategic approach supports startups and MSMEs in overcoming barriers, seizing opportunities, and contributing to a vibrant and resilient entrepreneurial ecosystem.

TABLE 87: ACTIVITIES WITHIN STEP 2.2.1.4.

Activity Code	Activity title	Responsibility	Source of verification
2.2.1.4.1.	Analysis of existing entity support to small and medium-sized enterprises, especially startups and small and medium-sized enterprises in the digital sector	MODEC FBiH, FMF FBiH; MEE RS, Cantonal Governments	ERP, Yearly report for SMEs RS
2.2.1.4.2.	Development of strategic guidelines for harmonisation of entity's support for SMEs and entrepreneurship in particular startups and MSMEs in digital sector	MODEC FBiH, FMF BiH); MEE RS, AICT RS	Official gazette of FBiH, RS
2.2.1.4.3.	Analyse the effects of the application of the new legal framework for alternative investment funds is planned for the coming period, which will be a further guide for the improvement of the legal framework.	MODEC FBiH, FMF FBiH); MEE RS, MF RS	ERP, Yearly report for SMEs RS

3 POLICY AREA 3: HUMAN CAPITAL DEVELOPMENT AND RETENTION

COMPONENT – 3.1 EDUCATION

REFORM – 3.1.1 INCREASE SHARE OF CHILDREN ENROLLED IN EARLY CHILDHOOD EDUCATION AND CARE SERVICES COUNTRY-WIDE

Preschool education in Bosnia and Herzegovina faces numerous challenges that hinder its development and accessibility. The first and most evident challenge is the limited number of children enrolled in preschool institutions. Historically, enrollment rates have been low, which is especially pronounced in rural and underdeveloped areas. Although there have been some improvements in recent years, such as an increase in the enrollment rate from 25% to 42%¹⁰ for children aged 3-5 years, and there is still significant room for improvement.

According to data from the Agency for Statistics, the current enrollment rate of children aged 0-2 in preschool institutions in Bosnia and Herzegovina is 5.7%. The enrollment rate for children aged 3-5 in preschool education is 35%, while the enrollment rate for children aged 5-6 (the year before starting school) is 47.3%.¹¹

Furthermore, the legislative framework for preschool education is insufficiently harmonized and applicable.

The Framework Law on Preschool Education mandates the harmonization of laws by competent educational authorities, but some cantons, such as the Herzegovina-Neretva and West Herzegovina Cantons, have not yet adopted their laws aligned with the Framework Law. This lack of alignment further complicates the situation, making the implementation of preschool programs and standards more difficult.

Funding represents another significant challenge. Ensuring sufficient funds for the expansion of existing preschool institutions and the construction of new facilities is crucial but currently insufficient. Without adequate financial resources, it is difficult to increase the capacities of preschool institutions and provide access to a larger number of children. Rural and underdeveloped areas, where the need for new facilities is most pronounced, present a particular problem.

The quality of educational programs is also one of the key challenges. Currently, there is a lack of professional development for preschool staff, which is essential for maintaining and improving the quality of education. Inclusive

¹⁰ Informacija o provedbi Okvirnog zakona o predškolskom odgoju i obrazovanju u Bosni i Hercegovini za 2022. godinu

¹¹ Agency for Statistics, response to request, 16.07.2024

educational programs that would support children with developmental disabilities and gifted children are rare and insufficiently developed. Without appropriate training and support, preschool staff are unable to provide optimal care and education to every child.

Activities to achieve these goals include conducting needs assessments of preschool institutions to ensure access to educational programs for children, especially before starting school and for ages 3-5.

Planning and implementing new facilities will ensure sufficient space for children in appropriate environments, thereby promoting greater accessibility to early childhood education. Securing financial resources will enable the expansion of existing facilities and construction of new ones, further enhancing children's access to educational resources.

Professional development of staff will ensure that educators and administrators are well-prepared to provide quality educational support. Public campaigns will educate parents and the broader public about the importance of early childhood education, encouraging increased participation of children during the early growth and development phase. Moreover, through Public campaigns permanent cooperation will be established between preschool institutions and local and other media in order to promote examples of good practices and success in the work of preschool institutions. These campaigns on the importance of preschool education will be organized periodically and will be targeted target groups - parents, members of municipal councils, political parties, businesses, subjects, media, etc. Systematic monitoring of the number of children enrolled in preschool institutions also represents a challenge. Without adequate tracking, it is difficult to ensure that all capacities are optimally utilized and that the needs of children are met. Effective mechanisms for data collection and analysis need to be established to continuously monitor and improve the situation in preschool education. Developing effective monitoring and evaluation systems in early childhood education (ECEC) is crucial for ensuring quality and achieving desired outcomes for children. According to documents from the European Working Group on ECEC, the first step in this process is defining clear goals and quality standards. Building capacity for data collection and analysis, involving appropriate training to utilize new technologies and methodologies for monitoring and evaluation. Using tools such as surveys, on-site visits, and expert evaluations will aid in gathering relevant data. This data should be used to identify program strengths and weaknesses and implement strategies to address identified issues. Engaging all stakeholders, including parents, educators, administrators, and policymakers, in the monitoring and evaluation process will ensure transparency and accountability, further enhancing public trust in ECEC programs. This approach is based on guidelines and best practice examples published by the European Working Group on ECEC. Finally, systematic monitoring of children in preschool institutions will ensure transparency and enable policy adjustments to ensure that all children in need have access to quality early childhood education.

Collaboration among all relevant stakeholders in Bosnia and Herzegovina's education sector is crucial for the successful transformation of early childhood education. It is important for responsible institutions at all levels of government, including entities, cantonal and local educational authorities, to actively cooperate in aligning strategies, sharing resources, and supporting continuous improvement of preschool programs. This integrated approach enables effective management, adaptation to local needs, and implementation of best practices to ensure that every child in Bosnia and Herzegovina has access to high-quality early childhood education.

BY ADDRESSING THESE CHALLENGES AND IMPLEMENTING THESE ACTIVITIES, BOSNIA AND HERZEGOVINA CAN ENHANCE ITS PRESCHOOL EDUCATION SYSTEM. THIS WILL ENSURE THAT ALL CHILDREN HAVE ACCESS TO QUALITY EARLY EDUCATION AND ARE BETTER PREPARED FOR THEIR FUTURE EDUCATIONAL PATHS. INVESTING IN PRESCHOOL EDUCATION WILL HAVE A PROFOUND IMPACT ON CHILDREN, FAMILIES, AND SOCIETY AS A WHOLE AND CONTRIBUTING TO REDUCED SOCIO-ECONOMIC INEQUALITY. TABLE 88: STEPS WITHIN THE REFORM 3.1.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
3.1.1.1.	80% of children in the year prior to school entry enrolled in early childhood education and care services (ECEC)	Ministry of Civil Affairs, Ministry of Education and Science F BiH, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government	June 2027
3.1.1.2	60% enrolment for children 3-5	Ministry of Civil Affairs, Ministry of Education and Science F BiH, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government	June 2027
3.1.1.3	30% enrolment for children 0-2	Ministry of Civil Affairs, Ministry of Education and Science F BiH, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government	June 2027

Step 3.1.1.1. 80% of children in the year prior to school entry enrolled in early childhood education and care services (ECEC)

TABLE 89: ACTIVITIES WITHIN STEP 3.1.1.1.

Activity Code	Activity title	Responsibility	Source of verification
3.1.1.1.1	Need assessment of preschool institutions to ensure access to educational programs for children in the year prior to school entry.	Ministry of Civil Affairs, Ministry of Education and Science F BiH, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government	Report on the results of the assessment of the need for preschool institutions and preparation of recommendations for improving access to educational programs for children one year prior to school entry
3.1.1.1.2	Feasibility study	Ministry of Civil Affairs, Ministry of Education and Science F BiH, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government and local self-government units (LSG) of the Republika Srpska as founders of preschool institutions.	Detailed Financial Projections Report
3.1.1.1.3	Planning and implementation of the construction of new preschool institutions/new-preschool facilities in areas with insufficient capacity.	Ministry of Civil Affairs, Ministry of Education and Science F BiH, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government	Official government records on the planning and execution of the construction of new preschool institutions or facilities.
3.1.1.1.4	Ensuring sufficient funds for the expansion of existing public preschool institutions and the construction of new facilities	Ministry of Civil Affairs, Ministry of Education and Science F BiH, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government	Financial records from relevant government departments of budgetary allocations for preschool institution expansion of existing and construction of new facilities,
3.1.1.1.5	Professional development of educational staff and directors of educational institutions	Ministry of Civil Affairs, Ministry of Education and Science F BiH, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government and local self-government units (municipalities and cities) of the Republika Srpska as founders of preschool institutions.	Official records of professional development activities maintained by educational institutions or relevant authorities.
3.1.1.1.6	Public awareness campaigns	Ministry of Civil Affairs, Ministry of Education and Science F BiH, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government	Official government records
3.1.1.1.7	Implementation of programs for children in the year prior to school entry from the beginning of March to the end of May countrywide	Ministry of Civil Affairs, Ministry of Education and Science F BiH, Ministry of Education and Culture of	Data from the statistical institutes of FBiH and RS.

		Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government	
--	--	--	--

Step 3.1.1.2. - 60% enrolment for children 3-5

TABLE 90: ACTIVITIES WITHIN STEP 3.1.1.2.

Activity Code	Activity title	Responsibility	Source of verification
3.1.1.2.1	Need assessment of preschool institutions to ensure access to educational programs for children aged 3 to 5 years.	Ministry of Civil Affairs, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government	Report on the results of the assessment of the need for preschool institutions for children aged 3 to 5 years..
3.1.1.2.2	Feasibility study	Ministry of Civil Affairs, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government	Detailed Financial Projections Report
3.1.1.2.3	Planning and implementation of the construction of new preschool institutions/new-preschool facilities suitable for children aged 3-5 years in areas with insufficient capacity	Ministry of Civil Affairs, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government	Official government records on the planning and execution of the construction of new preschool institutions or facilities. .
3.1.1.2.4	Ensuring sufficient funds for the expansion of existing public preschool institutions and the construction of new facilities	Ministry of Civil Affairs, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government	Financial records from relevant government departments of budgetary allocations for preschool institution expansion of existing and construction of new facilities,
3.1.1.2.5	Professional development of educational staff and directors of educational institutions	Ministry of Civil Affairs, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government/ Cantonal Pedagogical Institutes, Republic Pedagogical Institute of RS, Institute for the Development of Pre-University Education in Canton Sarajevo	Official records of professional development activities maintained by educational institution/relevant authorities.
3.1.1.2.6	Public awareness campaigns	Ministry of Civil Affairs, , Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government/ Cantonal Pedagogical Institutes, Republic Pedagogical Institute of RS, Institute for the Development of Pre-University Education in Canton Sarajevo	Official government records

3.1.1.2.7	Implementation of systematic monitoring of the number of children aged 3-5 in preschool institutions	Ministry of Civil Affairs, , Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government	Data from the statistical institutes of FBiH and RS.
-----------	--	--	--

STEP 3.1.1.3. - 30% enrolment for children 0-2

TABLE 91: ACTIVITIES WITHIN STEP 3.1.1.3.

Activity Code	Activity title	Responsibility	Source of verification
3.1.1.3.1	A comprehensive assessment of the needs of preschool institutions is required to ensure adequate space and care, particularly tailored to the needs of the youngest children, aged 0 to 2 years.	Ministry of Civil Affairs, , Ministry of Education and Culture of Republika Srpska Cantonal Ministries of Education, Department of Education of the Brčko District Government	Report on the Comprehensive Assessment of the Needs of Preschool Institutions for Providing Adequate Care Tailored to Children Aged 0-2 Years.
3.1.1.3.2	Feasibility study	Ministry of Civil Affairs, , Ministry of Education and Culture of Republika Srpska Cantonal Ministries of Education, Department of Education of the Brčko District Government	Detailed Financial Projections Report
3.1.1.3.3	Planning and implementation of the construction of new preschool institutions/new-preschool facilities suitable for children aged 0-2 years in areas with insufficient capacity.	Ministry of Civil Affairs, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government	Official government records on the planning and execution of the construction of new preschool institutions or facilities., including building permits, construction contracts, progress reports, and completion certificates issued by relevant authorities
3.1.1.3.4	Ensuring sufficient funds for the expansion of existing public preschool institutions and the construction of new facilities	Ministry of Civil Affairs, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government	Financial records from relevant government departments detailing allocated funds for preschool institution expansion projects,
3.1.1.3.5	Professional development of educational staff and directors of educational institutions	Ministry of Civil Affairs, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government, Cantonal Pedagogical Institutes, Republic Pedagogical Institute of RS, Institute for the Development of Pre-University Education in Canton Sarajevo	Official records of professional development activities maintained by educational institutions/relevant authorities.
3.1.1.3.6	Public awareness campaigns	Ministry of Civil Affairs, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education, Department of Education of the Brčko District Government, Cantonal Pedagogical Institutes, Republic Pedagogical Institute of Republika Srpska , Institute for the Development of Pre-University Education in Canton Sarajevo	Official government records

3.1.1.3.7	Implementation of systematic monitoring of the number of children aged 0-2 in preschool institutions	Ministry of Civil Affairs, Ministry of Education and Culture of Republika Srpska Cantonal Ministries of Education, Department of Education of the Brčko District Government	Data from the statistical institutes of FBiH and RS.
-----------	--	---	--

REFORM 3.1.2 INCREASE QUALITY OF PRIMARY AND SECONDARY EDUCATION COUNTRY-WIDE, INCLUDING BY ALIGNING CORE CURRICULA WITH LABOUR MARKET NEEDS

Career choice requires lifelong reflection on possible and suitable pathways in education and work, as well as continuous evaluation of professional decisions made. Therefore, aligning educational curricula with the needs of the labor market is crucial because students acquire knowledge and skills that are in demand worldwide. This alignment means that graduates will have better chances for employment and career development as they possess relevant competencies.

Many schools, especially in rural areas, face infrastructural issues, such as inadequate access to high-speed internet and modern ICT equipment. Financial constraints further exacerbate these issues, forcing schools to prioritize basic needs over investments in technology and professional development.¹²

Moreover, the lack of adequate training for teachers in enhancing digital skills is a significant obstacle. Rapid technological advancements require teachers to be proficient in using digital tools and resources, yet many lack the necessary skills and knowledge.

To address these challenges and improve the quality of education, several key steps and activities have been proposed. Adaptation of RS Law on Quality Assurance in Higher Education will set procedures and standards to ensure high-quality higher education, thereby improving the academic reputation and attractiveness of higher education institutions in the Republika Srpska. The process involves drafting, considering, and adopting the law, followed by its publication in the official gazette.

Accreditation of at least two agencies as members of the European Association for Quality Assurance in Higher Education (ENQA) will involve self-assessment evaluation reports, detailed action plans, and a final evaluation by the ENQA Review Panel. Achieving ENQA membership will provide international recognition and credibility, giving these agencies access to diverse resources, tools, and expertise to improve quality assurance processes.

Introducing and applying curricula based on learning outcomes, including digital skills in line with the Framework for Digital Skills, requires an analysis of current curricula, recommendations for harmonization, and the adoption of new core curricula. Training programs for teachers and the development of educational resources will support the implementation of these curricula. Establishing a monitoring and evaluation system will ensure the effectiveness of these changes.

Improving internet access in schools is another priority. A thorough assessment of existing infrastructure will determine the availability and quality of internet connectivity. Schools will receive funding for equipment and internet services, and partnerships with telecommunications companies will be established to enhance internet access. Regular monitoring will track progress towards achieving full Wi-Fi coverage in schools.

30% of teachers in primary and secondary education will attend and successfully complete Digital Skills training in line with EU best practices. To consider Digital Skills training in line with EU best practices achieved, a series of interconnected actions must take place. This involves establishing a transparent and inclusive selection process, ensuring that a representative group of teachers from both primary and secondary education is chosen. The criteria for selection must be well-defined to guarantee diversity and inclusivity, reflecting the broad spectrum of teaching professionals across different regions and educational levels.

Digital skills programs must be meticulously crafted to align with EU best practices, incorporating the latest advancements in digital pedagogy. This phase requires collaboration with educational experts and digital training professionals to ensure that the content is both relevant and impactful. The implementation of the training requiring a well-coordinated effort to deliver the programs effectively. This could involve a blend of online and in-person training sessions/workshops, and providing adequate support materials and resources. The training must be engaging and interactive, fostering a conducive environment for teachers to acquire and refine their digital skills. Upon successful completion, teachers should receive certification that formally recognizes their achievement and validates their skills.

Adaptation of RS Law on Quality Assurance in Higher Education is necessary to establish and maintain high standards in higher education, attracting more students, researchers, and investments, thereby enhancing the country's global competitiveness. Accreditation of agencies by ENQA ensures that the quality assurance processes meet international standards, facilitating continuous improvement and international collaboration.

The introduction of curricula based on learning outcomes, including digital skills, ensures that students acquire competencies relevant to modern job markets, fostering innovation and economic growth. Providing internet access in

¹² OECD Reviews of Evaluation and Assessment in Education: Bosnia and Herzegovina, 2022

schools supports the integration of digital technologies into education, enhancing learning experiences and preparing students for the digital age. Training teachers in digital skills is crucial for delivering high-quality education and ensuring that all students, including those with special needs, can benefit from modern teaching methods and resources. By addressing these challenges through these targeted steps and activities, Bosnia and Herzegovina can significantly improve its educational system. This will ensure that students are better prepared for their future educational and career paths, contributing to the development of a sustainable, competitive, and inclusive society.

TABLE 92: STEPS WITHIN TH REFROM 3.1.2.

Step Code	Title of the step	Responsibility	Deadline for the implementation
3.1.2.1.	RS Law on Quality assurance in Higher Education enters into force	Ministry of Scientific and Technological Development and Higher Education of Republika Srpska; National Assembly of Republika Srpska; Government of Republika Srpska	December 2024
3.1.2.2.	Accreditation of at least two agencies as members of ENQA	Ministry of civil affairs, Government entities responsible for overseeing and regulating higher education; The Agency for the Development of Higher Education and Quality Assurance of Bosnia and Herzegovina and the Higher Education Agency of Republika Srpska, Cantonal Ministries of education and the Government of the Brčko District of BiH	June 2026
3.1.2.3.	Introduction and application by relevant authorities within the country of curricula based on learning outcomes, including those that concern digital skills (in line with the Framework for Digital Skills)	Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education and the Government of the Brčko District of BiH Department of Education, Cantonal Pedagogical Institutes, Republic Pedagogical Institute of RS, Institute for the Development of Pre-University Education in Canton Sarajevo and APOSO	June 2026
3.1.2.4.	200 schools / year covered with internet until full coverage with Wi-Fi accessible throughout the school	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministries of Education and the Government of the Brčko District of BiH; Schools	December 2027
3.1.2.5.	30% of teachers in primary and secondary education exposed to training in Digital Skills in line with EU best practice	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministries of Education and the Government of the Brčko District of BiH Department of Education, Cantonal Pedagogical Institutes, Republic Pedagogical Institute of RS, Institute for the Development of Pre-University Education in Canton Sarajevo/ relevant educational authorities, APOSO	December 2027

Step 3.1.2.1. - RS Law on Quality assurance in Higher Education enters into force

TABLE 93: ACTIVITIES WITHIN STEP 3.1.2.1.

Activity Code	Activity title	Responsibility	Source of verification
3.1.2.1.1	Adoption of the Law on Quality Assurance in Higher education in Republika Srpska	National Assembly, President of RS;	Minutes of the National Assembly of republika Srpska
3.1.2.1.2	Publication of the Law on Quality Assurance in Higher education in Republika Srpska in the Official gazette	Official gazette of Rrpublika Srpska	Publication in the official gazette

Step 3.1.2.2. - Accreditation of at least two agencies as members of ENQA

TABLE 94: ACTIVITIES WITHIN STEP 3.1.2.2.

Activity Code	Activity title	Responsibility	Source of verification
3.1.2.2.1	Self-assessment evaluation reports of agencies	The Agency for the Development of Higher Education and Quality Assurance and the Higher	Self assessment reports

		Education Agency of Republika Srpska.	
3.1.2.2.2	Detailed action plans outlining specific steps and milestones for achieving membership in ENQA	The Agency for the Development of Higher Education and Quality Assurance and the Higher Education Agency of Republika Srpska.	Two action plans with defined specific steps for achieving membership in ENQA
3.1.2.2.3	Final evaluation report by the ENQA Review Panel on compliance with the Standards and Guidelines for Quality Assurance in the European Higher Education Area (ESG)	ENQA Review Panel	ENQA Review Panel report
3.1.2.2.4.	Reaching a conclusion on compliance with the ESG by two agencies and confirmation of accession to ENQA membership.	ENQA Committee	Confirmation of accession to ENQA membership

Step 3.1.2.3. Introduction and application by relevant authorities within the country of curricula based on learning outcomes, including those that concern digital skills (in line with the Framework for Digital Skills)

TABLE 95: ACTIVITIES WITHIN STEP 3.1.2.3.

Activity Code	Activity title	Responsibility	Source of verification
3.1.2.3.1.	Analysis and recommendations for harmonized application of core curricula in line with Framework for digital skills	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministries of education, APOSO	Benchmarks Report
3.1.2.3.2	Adoption of Core Curricula based on student learning outcomes including those that concern digital skills in line with the Framework for Digital Skills.	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministries of education, APOSO	Revised core curricula based on learning outcomes in line with framework for Digital Skills.
3.1.2.3.3	Development of comprehensive training and capacity-building programs for teachers to effectively implement core curricula, including digital skills	Cantonal Pedagogical Institutes, Republic Pedagogical Institute of the Republika Srpska, Pedagogical Institution of the Government of the Brčko District of BiH Department of Education, Institute for Pre-University Education Development in KS/ APOSO	The content of programs for teachers to effectively implement the core curricula, including digital skills components.
3.1.2.3.4	Developing educational resources, materials, and guidelines to support the implementation of core curricula based on learning outcomes	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministries of Education and the Government of the Brčko District of BiH Department of Education, Cantonal Pedagogical Institutes, Republic Pedagogical Institute of the Republika Srpska, Pedagogical Institution of the Government of the Brčko District of BiH Department of Education, Institute for Pre-University Education Development in KS, APOSO	Education resources for teachers which support the implementation of core curricula based on learning outcomes
3.1.2.3.5	Establishment of a monitoring and evaluation system to assess the implementation of core curricula, and relevant training, resources, guidelines	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministries of Education and the Government of the Brčko District of BiH Department of Education, Cantonal Pedagogical Institutes, Republic Pedagogical Institute of the Republika Srpska, Pedagogical Institution of the Government of the Brčko District of BiH Department of Education, Institute for Pre-University Education Development in KS, APOSO	Reports from relevant educational bodies on the implementation of curricula based on learning outcomes within the country

Step 3.1.2.4. - 200 schools / year covered with internet until full coverage with Wi-Fi accessible throughout the school

TABLE 96: ACTIVITIES WITHIN STEP 3.1.2.4.

Activity Code	Activity title	Responsibility	Source of verification
3.1.2.4.1	A thorough assessment of the existing infrastructure and CT equipment provision in schools (pre-primary, primary, secondary, higher education, VET) to determine the availability and quality of internet connectivity.	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministries of Education and the Government of the Brčko District of BiH Department of Education	Assessment report
3.1.2.4.2	Provision of funding to schools for the acquisition of essential equipment and internet services.	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministries of Education and the Government of the Brčko District of BiH Department of Education	Official documents between relevant authorities confirming the allocation of funds to schools.
3.1.2.4.3	Establishing partnerships with telecommunications companies to improve internet access in schools.	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministries of Education and the Government of the Brčko District of BiH Department of Education Schools	Signed contracts between school authorities and telecommunications companies that define cooperation and plans for improving internet access.
3.1.2.4.4.	Regular monitoring of the number of schools with full coverage with Wi-Fi accessible throughout the school.	Ministry of Education and Culture of Republika Srpska, Ministry of Education and Science F BiH Cantonal Ministries of Education and the Government of the Brčko District of BiH Department of Education.	Official reports from the competent educational authorities about the progress of school internet coverage.

Step 3.1.2.5. 30% of teachers in primary and secondary education exposed to training in Digital Skills in line with EU best practice .

TABLE 97: ACTIVITIES WITHIN STEP 3.1.2.5.

Activity Code	Activity title	Responsibility	Source of verification
3.1.2.5.1	Needs assessment to identify the current level of digital skills among teachers in primary and secondary education.	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministries of Education and the Government of the Brčko District of BiH Department of Education Cantonal Pedagogical Institutes, Republic Pedagogical Institute of the Republic of Srpska, Pedagogical Institution of the Government of the Brčko District of BiH Department of Education, Institute for Pre-University Education Development in KS	Need assessment report
3.1.2.5.2	Develop professional training programs for primary and secondary education teachers in digital skills based on EU best practices	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministries of Education and the Government of the Brčko District of BiH Department of Education Cantonal Pedagogical Institutes, Republic Pedagogical Institute of the Republic of Srpska, Pedagogical Institution of the Government of the Brčko District of BiH Department of Education, Institute for Pre-University Education Development in KS	The content of the professional training programs for primary and secondary education teachers in digital skills based on EU best practices.
3.1.2.5.3	Development Digital Skills educational programs tailored to the needs of teachers in primary and secondary education based on EU best practices	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministries of Education and the Government of the Brčko District of BiH Department of Education Cantonal Pedagogical Institutes, Republic Pedagogical Institute of the Republic of Srpska, Pedagogical Institution of the	Content of Training prepared for professional development of teachers in Digital Skills

		Government of the Brčko District of BiH Department of Education, Institute for Pre-University Education Development in KS	
3.1.2.5.4	Implementation of Digital Skills educational programs customized to the specific requirements of educators in primary and secondary education, in line with EU best practices (14,759 teachers out of a total of 36,897 teachers in primary and secondary education thereby improving their digital skills)	Cantonal Pedagogical Institutes, Republic Pedagogical Institute of the Republika Srpska, Pedagogical Institution of the Government of the Brčko District of BiH Department of Education, Institute for Pre-University Education Development in KS,	Report by educational institutions assessing the percentage of teachers who have been involved and successfully completed training in digital skills.
3.1.2.5.5.	Establishment of a monitoring system to monitor the coverage of primary and secondary school teachers who have successfully completed training in digital skills and they use them in their everyday work	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministries of Education and the Government of the Brčko District of BiH Department of Education, Cantonal Pedagogical Institutes, Republic Pedagogical Institute of the Republic of Srpska, Pedagogical Institution of the Government of the Brčko District of BiH Department of Education, Institute for Pre-University Education Development in KS,	Monitoring report

REFORM 3.1.3 IMPROVE THE LINK BETWEEN VET AND PRIVATE SECTOR AND DECREASE THE SKILLS MISMATCH

High unemployment and mismatch in the labor market represent long-term structural problems in Bosnia and Herzegovina (BiH). The labor market faces structural problems such as a lack of in-demand skills, slow job creation, and a gap between educational profiles and employer needs. Many educational programs are not aligned with labor market demands, resulting in young people lacking practical knowledge and skills. Additionally, there is insufficient cooperation between educational institutions and employers, making it difficult to adapt educational programs to market needs¹³.

Many schools, especially in rural areas, lack high-speed internet and modern ICT equipment. Teachers often lack digital skills, and some resist adopting new technologies, further hindering education quality. Moreover, active employment policies need better planning and effectiveness, as only a small percentage of employers hire directly from the education system.

To address these challenges, several steps and activities are proposed. Conducting an in-depth analysis of existing VET programs will determine the extent of work-based learning opportunities and the number of students utilizing them. This is essential because it allows for the identification of gaps and opportunities for improvement, ensuring that educational programs meet the real needs of the labor market. Developing new curricula, collaborating with employers to provide apprenticeships, and designing support systems for students are crucial because they enable the acquisition of practical skills that are directly applicable in the workplace, thereby increasing students' employability. Providing training for teaching staff and employers to implement work-based learning effectively is important because it ensures that all participants are equipped with the knowledge and skills necessary for successfully conducting practical training, thereby improving the quality of education and training. A quality assurance framework for adult education aligned with competencies is necessary. This involves analyzing existing adult education programs, defining clear goals and standards, and developing policies for consistent implementation.

VET teachers have a key role to play in implementing educational change and reforming work practices. In a rapidly changing world of work, there is a need for a variety of ways to organise training in a customer-oriented way so that it is achievable from a continue learning perspective. Competence can be acquired in different learning environments, in which case the teacher's role as a planner of study paths and as a recogniser of competence may be emphasised in the future. VET teachers have to have competence to guide their students towards future world of work. The new competence requirements encompass several key areas. Industry-relevant competence involves understanding and applying current industry practices, the ability to teach industry-relevant skills and knowledge, and the capacity to collaborate with private sector stakeholders. Pedagogical competence includes the application of modern teaching methodologies, skills in effective classroom management and student engagement, and proficiency in assessing student performance and

¹³ WESTERN BALKANS REGULAR ECONOMIC REPORT No.20 | Fall 2021, Greening the Recovery, World Bank Group

providing constructive feedback. Subject-specific knowledge requires up-to-date expertise in the specific subject area and the ability to incorporate current research and trends into teaching. Digital literacy entails competence in using educational technology tools and the ability to integrate digital resources into teaching practices. Lastly, inclusive education involves skills in designing and implementing inclusive teaching strategies, as well as an understanding of diverse student needs and differentiation in instruction.

Achieving the professional development of teachers and trainers to align with new competence requirements involves a multifaceted approach aimed at enhancing the educational landscape. Needs assessment to identify the specific competencies that are required in the current and future educational context involves analyzing the existing skill gaps among teachers and trainers and understanding the new competencies dictated by technological advancements, pedagogical innovations, and global educational standards. The outcome of this assessment provides a framework for the development of targeted professional development programs which be meticulously crafted to address the identified competency gaps, incorporating best practices from international educational standards. The curriculum for design and development of professional development programs should be dynamic and inclusive, offering a blend of theoretical knowledge and practical applications. It should cover a wide range of areas, including digital literacy, innovative teaching methodologies, classroom management, and student engagement strategies. Implementing these professional development programs requires a coordinated effort to ensure accessibility and inclusivity. This may involve a combination of online and in-person training sessions, workshops, and seminars. Leveraging digital platforms can enhance the reach and flexibility of these programs, allowing teachers and trainers to participate irrespective of their geographical locations. To measure the effectiveness of the professional development programs, a evaluation system must be in place. This includes pre- and post-training assessments to gauge the improvement in competencies and the overall impact of the training. Continuous support and follow-up mechanisms are essential to ensure that the newly acquired skills are effectively integrated into everyday teaching practices. This could involve mentorship programs, peer collaboration, and access to ongoing professional learning communities. Such support systems help maintain the momentum of professional growth and encourage a culture of lifelong learning among educators. Regular monitoring ensures that the professional development initiatives are on track and meeting their objectives. Detailed reporting provides insights into the progress and outcomes, highlighting areas of success and identifying opportunities for improvement. Transparent communication with all stakeholders, including educational institutions, government bodies, and the educators themselves, fosters accountability and continuous enhancement of the professional development efforts.

In accordance with these competencies, training programs for VET teachers will be developed. These programs will ensure that VET teachers attending training, which will be conducted in cycles at least four times a year, encompassing four modules. This structured approach aims to enhance the quality of education and better align it with industry demands, ultimately contributing to a more competent and skilled workforce.

This ongoing development helps maintain high educational standards, adapts teaching methods to current industry practices, and ultimately enhances student outcomes by providing them with relevant and up-to-date training.. An assessment of updated competence needs should guide tailored professional development programs, supported by necessary resources.

Increasing the share of VET students employed within a year after graduation involves analyzing employment trends, aligning curricula with industry needs, providing career guidance, strengthening partnerships with industry stakeholders, promoting entrepreneurship, and monitoring employment outcomes.

Implementing these steps and activities will help solve unemployment and skills mismatch issues, creating favorable conditions for economic growth and development.

TABLE 98: STEPS WITHIN THE REFORM 3.1.3.

Step Code	Title of the step	Responsibility	Deadline for the implementation
3.1.3.1	At least 40% of second-year VET-students should benefit from substantial exposure (at least 25% of programme) to work-based learning (EEA strategic framework)	Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education and Government of Brčko District BiH Department of Education/	December 2026
3.1.3.2	Quality assurance framework for adult education in place, in line with competences	Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education and Government of Brčko District BiH Department of Education/	June 2026

3.1.3.3.	Professional development of teachers and trainers to match new competence requirements	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministries of Education and the Government of the Brčko District of BiH Department of Education, Cantonal Pedagogical Institutes, Republic Pedagogical Institute of the Republika Srpska, Pedagogical Institution of the Government of the Brčko District of BiH Department of Education, Institute for the Development of Pre-University Education KS	June 2026
3.1.3.4.	Share of VET students employed within a year after VET graduation	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministries of Education and the Government of the Brčko District of BiH Department of Education, Federal Employment Office, RS Employment Office, Cantonal Employment Services, Employers' Associations, Ministry of Economy, Chambers of Commerce at all levels	June 2027

Step 3.1.3.1. At least 40% of second-year VET-students should benefit from substantial exposure (at least 25% of programme) to work-based learning (EEA strategic framework)

TABLE 99: ACTIVITIES WITHIN STEP 3.1.3.1.

Activity Code	Activity title	Responsibility	Source of verification
3.1.3.1.1	Conduct an in-depth analysis of existing vocational education and training programs to determine the extent of work-based learning opportunities currently available and the number of students utilizing these opportunities.	, Ministry of Education and Culture of Republika Srpska, Cantonal Ministries of Education and Government of Brčko District BiH Department of Education Employers' Associations, Chambers of Commerce	In-Depth Analysis Report on Vocational Education and Training Programs
3.1.3.1.2	Develop a detailed plan based on the assessment results to increase the scope of work-based learning	Ministry of Education and Culture of Republika Srpska Cantonal Ministries of Education and Government of Brčko District BiH Department of Education/	Strategic Development Plan
3.1.3.1.3	Formation of a working group composed of representatives from educational institutions, industry, and government to develop the Qualifications Framework for FBiH	Cantonal Ministries of Education, the Government of the Brčko District of BiH Department of Education, Cantonal Pedagogical Institutes, Pedagogical Institution of the Government of the Brčko District of BiH Department of Education, Institute for the Development of Pre-University Education KS	Qualifications Framework in FBiH which defines levels and descriptions of qualifications aligned with European standards
3.1.3.1.4	Formation of a working group composed of representatives from educational institutions, industry, and government to develop the Qualifications Framework for Republika Srpska	Ministry of Education and Culture of Republika Srpska, Republic Pedagogical Institute of the Republika Srpska,	The Qualifications Framework for Republika Srpska, which defines levels and descriptions of qualifications aligned with European standards.a
3.1.3.1.5	Development of new curricula, collaboration with employers to provide work-based learning programs and design support systems for students in accordance with the mandates of educational governing bodies	Ministry of Education and Culture of Republika Srpska, Cantonal Ministry of Education and Government of Brčko District BiH Department of Education/ Cantonal Pedagogical Institutes, Republic Pedagogical Institute of RS, Institute for the Development of Pre-University Education in Canton Sarajevo/relevant educational authorities, Chambers of Commerce at all levels; Employers' union RS, Association of Employers of the Federation of Bosnia and Herzegovina	New curricula framework
3.1.3.1.6	Provide training for teaching staff and employers to implement work-based learning effectively	Ministry of Education and Culture of Republika Srpska, Cantonal Ministry of Education and Government of Brčko District BiH Department of Education, Cantonal Pedagogical Institutes,	Training Program Evaluation Report

Activity Code	Activity title	Responsibility	Source of verification
		Republic Pedagogical Institute of RS, Institute for the Development of Pre-University Education in Canton Sarajevo / relevant educational authorities, Chambers of Commerce at all levels; Employers' union RS, Association of Employers of the Federation of Bosnia and Herzegovina	
3.1.3.1.7	Identify successful practices and areas for improvement through continuous monitoring of the program and adjust it accordingly to achieve the goals	Ministry of Education and Culture of Republika Srpska, Cantonal Ministry of Education and Government of Brčko District BiH Department of Education/ relevant educational authorities, Chambers of Commerce at all levels; Employers' union RS, Association of Employers of the Federation of Bosnia and Herzegovina	Progress and Impact Evaluation Report on Student Learning Outcomes

Step 3.1.3.2. - Quality assurance framework for adult education in place, in line with competences

TABLE 100: ACTIVITIES WITHIN STEP 3.1.3.2.

Activity Code	Activity title	Responsibility	Source of verification
3.1.3.2.1	Analysis of existing adult education programs and assessment of available resources, policies, and practices in the field of adult education. at the level of competent educational authorities	Ministry of Education and Culture of Republika Srpska, Cantonal Ministry of Education and Government of Brčko District BiH Department of Education/ relevant educational authorities	Comprehensive program evaluation report
3.1.3.2.2	Defining clear goals and standards to ensure quality in adult education including key competencies and skills that adult learners need to acquire through education	Ministry of Education and Culture of Republika Srpska, Cantonal Ministry of Education and Government of Brčko District BiH Department of Education/ relevant educational authorities	Goals and Standards Definition Report for Adult Education
3.1.3.2.3	Development of a framework for quality assurance of adult education at the level of competent educational authorities.	Ministry of Education and Culture of Republika Srpska, Cantonal Ministry of Education and Government of Brčko District BiH Department of Education/ relevant educational authorities	Adult Education Quality Assurance Framework Report
3.1.3.2.4	Development of policies to ensure consistent implementation of quality standards in adult education at the level of competent educational authorities	Ministry of Education and Culture of Republika Srpska, Cantonal Ministry of Education and Government of Brčko District BiH Department of Education/ relevant educational authorities	Report on the Monitoring of Utilization of Quality Standards in Adult Education at the level of competent educational authorities

Step 3.1.3.3. Professional development of teachers and trainers to match new competence requirements

TABLE 101: ACTIVITIES WITHIN STEP 3.1.3.3.

Activity Code	Activity title	Responsibility	Source of verification
3.1.3.3.1	Development tailored professional development programs for teachers and trainers to develop necessary	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministry of Education and the Government of the Brčko District of BiH Department of Education,	Professional Development Programs Implementation Report

	competencies at the level of competent educational authorities	Cantonal Pedagogical Institutes, Institute for the Development of Pre-University Education in Canton Sarajevo Republic Pedagogical Institute of the Republika Srpska, Pedagogical Institution of the Government of the Brčko District of BiH Department of Education/ relevant educational authorities	
3.1.3.3.2	Provide necessary resources and support systems to facilitate access to professional development opportunities for all teachers and trainers at the level of competent educational authorities	, Ministry of Education and Culture of the Republika Srpska, Cantonal Ministry of Education and the Government of the Brčko District of BiH Department of Education, Cantonal Pedagogical Institutes, Institute for the Development of Pre-University Education in Canton Sarajevo Republic Pedagogical Institute of the Republika Srpska, Pedagogical Institution of the Government of the Brčko District of BiH Department of Education/ relevant educational authorities	Support Systems Report for Professional Development
3.1.3.3.3	Implementing and conducting tailored professional development programs for teachers and trainers to professionally develop and match new competences at the level of competent educational authorities.	Ministry of Education and Culture of the Republika Srpska, Cantonal Ministry of Education and the Government of the Brčko District of BiH Department of Education, Cantonal Pedagogical Institutes, Institute for the Development of Pre-University Education in Canton Sarajevo Republic Pedagogical Institute of the Republika Srpska, Pedagogical Institution of the Government of the Brčko District of BiH Department of Education/ relevant educational authorities	Impact analysis of professional development initiatives on teacher skills and competencies.

Step 3.1.3.4 - Share of VET students employed within a year after VET graduation

TABLE 102: ACTIVITIES WITHIN STEP 3.1.3.4.

Activity Code	Activity title	Responsibility	Source of verification
3.1.3.4.1	Developing an enrolment policy in accordance with the actual needs of the labour market and the development policies based on labour market needs assessments in the local communities	, Ministry of Education and Culture of the Republika Srpska, Cantonal Ministry of Education and the Government of the Brčko District of BiH Department of Education, Federal Employment Office, RS Employment Office, Cantonal Employment Services, Employers' Associations, Ministry of Economy, Chambers of Commerce at all levels	Official reports from government agencies responsible for labor market analysis and development policies
3.1.3.4.2	Harmonising the curricula in secondary education with current trends and needs of the labour market at the level of competent educational authorities.	, Ministry of Education and Culture of the Republika Srpska, Cantonal Ministry of Education and the Government of the Brčko District of BiH Department of Education, Pedagogical Institutes, Institute for the Development of Pre-University Education in Canton Sarajevo Republic Pedagogical Institute of the Republika Srpska, Pedagogical Institution of the Government of the Brčko District of BiH Department of Education/ relevant educational authorities, Federal Employment Office, RS Employment Office, Cantonal Employment Services, Employers' Associations, Ministry of Economy, Chambers of Commerce at all levels	Curriculum Harmonization Report for Secondary Education

3.1.3.4.3	Developing the Strategic Directions for the Development of Career Guidance at the level of competent educational authorities	, Ministry of Education and Culture of the Republika Srpska, Cantonal Ministry of Education and the Government of the Brčko District of BiH Department of Education, Federal Employment Office, RS Employment Office, Cantonal Employment Services, Employers' Associations, Ministry of Economy, Chambers of Commerce at all levels	Directions for the Development of Career Guidance Documents at the level of competent educational authorities
3.1.3.4.4	“Tracer studies”tracking the career paths and employment outcomes of VET graduates over time to assess the effectiveness of vocational education programs in facilitating successful transitions to the workforce.	, Ministry of Education and Culture of the Republika Srpska, Cantonal Ministry of Education and the Government of the Brčko District of BiH Department of Education, Federal Employment Office, RS Employment Office, Cantonal Employment Services, Employers' Associations, Ministry of Economy, Chambers of Commerce at all levels	Tracer studies report; .

COMPONENT 2 – LABOUR MARKET

REFORM 3.2.1 INCREASE ACCESS TO DECENT WORK THROUGHOUT THE COUNTRY, INCLUDING THROUGH PILOTING AND FULL ROLL-OUT OF THE YOUTH GUARANTEE.

In its ambitious effort to reform the labor market and social welfare systems, Bosnia and Herzegovina faces several significant challenges. Key among these challenges is the need for improved data collection and availability, which is essential for informed policy decisions. Current efforts, such as the Survey on Income and Living Conditions (SILC) and the Labor Force Survey (LFS), highlight gaps in data collection procedures. Although the LFS is one of the most reliable data sources related to labour market, there are issues with the availability of data and reports from the EU-SILC, despite necessary surveys being conducted by agencies. Ensuring consistent and accurate data collection by December 2024 is crucial for informed policy decisions, but this requires overcoming issues related to funding, training, and coordination among various statistical agencies.

Another major challenge is increasing the number of regular labor inspections by 25% by June 2026. This step is essential for enforcing labor laws and improving occupational safety. However, it demands considerable resources, including the hiring and training of additional inspectors, and efficient coordination among inspectorates. Addressing potential resistance from the business community and ensuring comprehensive coverage across diverse regions also present significant obstacles.

Streamlining operations within Public Employment Services (PES) by discharging them from administrative duties related to health insurance by June 2025 poses its own set of challenges. This transition necessitates legislative changes and administrative restructuring, which can be complex and time-consuming. This is particularly important from the perspective of implementing the Youth Guarantee, which expects more focus on individuals and results within very short deadlines. Ensuring that PES staff are adequately prepared to focus solely on employment services without the administrative burden requires careful planning and execution, as well as the adoption of several acts to enable such a transition. It is encouraging that this reform has already been completed in the Republika Srpska, so the Federation of BiH and Brčko District can learn from their experiences.

Implementing the Youth Guarantee (YG) program and establishing continuous data exchange between Public Employment Services (PES) and Centres for Social Work are crucial for enhancing youth employment and supporting vulnerable groups. The YG program aims to ensure that at least 20% of young job seekers find employment within six months, thereby reducing youth unemployment and fostering economic inclusion. Continuous data exchange between PES and Centres for Social Work improves coordination and efficiency in delivering support services, ensuring that vulnerable individuals receive timely and comprehensive assistance. A key issue is targeting young people who are not in any systemic database, so Centres for Social Work need to be involved as they are familiar with particularly vulnerable groups of young people who are inactive and socially excluded. This integrated approach helps address the multifaceted needs of young and vulnerable populations, making social and employment services more effective. Ultimately, these reforms contribute to a more dynamic, inclusive, and resilient labor market in Bosnia and Herzegovina. Establishing continuous data exchange between PES and Centres for Social Work by December 2025 is another critical step that faces challenges related to technical infrastructure and data privacy. Republika Srpska has made significant strides in this area and can also serve as a resource base with experiences in implementing this activity.

Finally, achieving a 20% increase in the number of vulnerable group members receiving mediation services from PES staff by December 2026, and a 25% increase in women and vulnerable groups targeted by Active Labor Market Programs (ALMPs), involves overcoming barriers related to outreach and engagement. Many vulnerable individuals may face obstacles such as lack of awareness, distrust in public institutions, and logistical issues. Furthermore, improving PES registries with Quality Assurance indicators by June 2025, and ensuring that at least 20% of Youth Guarantee (YG) beneficiaries are employed within six months, requires meticulous monitoring and evaluation systems, which can be resource-intensive and complex to implement. These interconnected steps highlight the challenges Bosnia and Herzegovina must address to create a robust framework supporting its labor force and promoting a more equitable and dynamic labor market. Overcoming these challenges demands concerted efforts, adequate funding, and strong coordination among various stakeholders.

The targeted final beneficiaries of these reforms are primarily young people and vulnerable groups, including women. These groups are expected to benefit significantly from the Youth Guarantee program and various employment and training initiatives aimed at improving labor market outcomes and promoting inclusivity. By focusing on these populations, the reforms aim to address unemployment and underemployment, fostering a more inclusive labor market. Several stakeholders are involved in the implementation of these reforms, including statistical agencies responsible for data collection, inspectorates in charge of labor law enforcement, and public employment services (PES) tasked with job mediation and support. Ministries of social policies and health play crucial roles in legislative adjustments and administrative transitions. Effective coordination among these stakeholders is essential to optimize the impact of the reforms, particularly in supporting vulnerable groups and ensuring compliance with labor laws.

Investments required for these reforms are substantial and include enhancing data collection systems, increasing labor inspection capacities, restructuring administrative duties within PES, and developing technology infrastructure for data exchange. However, the reforms primarily require technical assistance and strong political will rather than extensive financial resources. The funds for piloting the Youth Guarantee (YG) are already secured, making this aspect of the reform relatively inexpensive. Continuous professional development for job counselors is also crucial. These investments are aimed at building a robust support system for job seekers and ensuring that the reforms are sustainable in the long term. The timeline for these reforms spans from 2024 to 2027, with specific deadlines set for each step to ensure systematic progress.

To measure the achievements of these reforms, clear indicators and regular monitoring are necessary. For instance, the successful implementation of SILC and LFS will be verified by their regular execution by December 2024. Similarly, a 25% increase in labor inspections by June 2026 will be measured through assessment reports and stakeholder feedback. The discharge of PES from health insurance duties, continuous data exchange between PES and social welfare centers, and increased mediation services for vulnerable groups will be tracked through various reports and data analysis. These measures ensure that the reforms are on track and adjustments can be made as needed to achieve the desired outcomes.

TABLE 103: STEPS WITHIN THE REFORM 3.2.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
3.2.1.1.	SILC (survey on income and living conditions) and labour force survey are introduced for regular implementation	Statistical agencies RS, FBiH and BIH	(December 2024)
3.2.1.2.	Total number of regular labour inspections throughout the country increased by 25%	Inspectorates RS, FBiH and BIH; Service for Foreigners' Affairs of Bosnia and Herzegovina	(June 2026)
3.2.1.3.	Discharge the public employment services (PES) from administrative duties related to health insurance at all levels	Public Employment Services FBiH and BDBiH	(June 2025)
3.2.1.4.	Establish continuous data exchange between the PESs and Centres for Social Work for activation of vulnerable groups / users of social assistance	Public Employment Services RS, FBiH and BDBiH; Ministries of social policies RS, FBiH, cantons and BDBiH	(December 2025)
3.2.1.5.	Number of members of vulnerable groups receiving mediation services by PES staff increased by 20%	Public Employment Services of RS, cantons and BDBiH	(December 2026)
3.2.1.6.	25% increase of women and vulnerable groups targeted by ALMPs	Public Employment Services RS, FBiH and BDBiH	(December 2026)

3.2.1.7.	Improve PESs registries of active and inactive job seekers by including Quality Assurance indicators	Public Employment Services RS, FBiH, cantons and BDBiH	(December 2026)
3.2.1.8.	At least 20% of beneficiaries of YG are employed within 6 months after completion	Public Employment Services RS, cantons and BDBiH	(June 2027)
3.2.1.9.	Ratio of job counsellors in Public Employment Services to job seekers is reduced to 1:500	Public Employment Services RS, FBiH and BDBiH	(June 2027)

STEP 3.2.1.1. – SILC (survey on income and living conditions) and labour force survey are introduced for regular implementation

Implementing the Survey on Income and Living Conditions (SILC) in BiH is crucial for informed policy-making and socio-economic planning in the country. Regular collection of SILC data in BiH provides a vital source of information on income distribution, poverty rates, living conditions, and social exclusion. This data is essential for identifying vulnerable populations and designing targeted policies and programs to address their needs effectively.

Regular implementation refers to the systematic and ongoing execution of a complete process. This involves not just the initial stages of data collection but also includes data processing, reporting, and the timely publication of reports. Each of these stages is crucial for the overall success and integrity of the implementation process. Ensuring that all steps are regularly and consistently executed is essential for maintaining the quality and reliability of the information being produced. In the context of the SILC in Bosnia and Herzegovina (BiH), regular implementation means that data collection, processing, reporting, and publication of findings occur without undue delays or interruptions, providing a steady stream of valuable socio-economic data, ideally available in pdf and xls formats.

Despite the political willingness to implement SILC, several problems persist in the process right now. One of the main challenges is the inconsistent publication of SILC reports in BiH. The absence of published reports hinders transparency and accountability in governance, limiting access to crucial socio-economic insights for policymakers, researchers, and the public. Published SILC reports are essential for informing decision-makers about the state of poverty and inequality and enabling stakeholders to evaluate the effectiveness of existing policies and interventions. Without regular and timely publication of these reports, it becomes difficult to track progress, identify issues, and make informed decisions to improve socio-economic conditions in the country. Moreover, making SILC findings publicly available fosters public awareness and engagement, promoting a more informed public discourse on socio-economic issues in BiH. To enhance the impact of SILC in BiH, it is imperative to prioritize the regular publication of comprehensive reports based on the collected data. This step not only supports evidence-based policy-making but also strengthens BiH's efforts towards achieving sustainable development goals and improving the overall well-being of its population. By ensuring transparency and accessibility of SILC findings, BiH can better address socio-economic challenges and promote inclusive growth and development across its diverse regions.

TABLE 104: ACTIVITIES WITHIN STEP 3.2.1.1.

Activity Code	Activity title	Responsibility	Source of verification
3.2.1.1.1.	Action plan for SILC (survey on income and living conditions) implementation prepared and accepted	Statistical agencies RS, FBiH and BiH	Statistical agencies annual report
3.2.1.1.2.	Fieldwork Preparation (logistics, data collection schedules, and materials), Data Collection (systematically and consistently across all respondents), and Quality Control Measures (to ensure data accuracy and reliability)	Statistical agencies RS, FBiH and BiH	Statistical agencies annual report
3.2.1.1.3.	Data Processing and Analysis	Statistical agencies RS, FBiH and BiH	Statistical agencies annual report
3.2.1.1.4.	Reporting and Dissemination	Statistical agencies RS, FBiH and BiH	Published reports on Statistical agencies website: https://bhas.gov.ba/

STEP 3.2.1.2. – Total number of regular labour inspections throughout the country increased by 25%

The Federal Inspection Administration of Bosnia and Herzegovina, under the new Law on Inspections of the Federation of BiH ("Official Gazette of the Federation of Bosnia and Herzegovina", No. 73/14), is responsible for conducting inspection tasks within its jurisdiction. It oversees the enforcement of laws and material regulations, issues implementing regulations, handles appeals, coordinates cantonal and federal inspections, and monitors the work of cantonal inspectors. Additionally, it provides professional assistance, creates inspection supervision plans, maintains records of inspections and inspectors, organizes training and exams for inspectors, and participates in the preparation of federal regulations. The Administration ensures the implementation of regulations by the authorities of Bosnia and Herzegovina and communicates the measures taken to these authorities. Its detailed responsibilities are defined by over 100 laws and more than 800 implementing regulations.

In 2022, targeted inspection programs were carried out in specific sectors or among certain entities based on detected issues and the degree of illegality. These programs aimed to address persistent regulatory violations associated with the "gray economy," including unregistered employment, failure to issue fiscal receipts, unauthorized operations, and trading goods without provenance. The efforts resulted in 4,690 inspections, 1,521 joint inspections, and 124 follow-up inspections. Consequently, 2,142 fines totaling 3,068,936 KM were imposed, 498 correction orders were issued, 103 temporary work bans were enforced, and 292 entities were found not issuing fiscal receipts.

The federal labor inspection's limited jurisdiction over companies and institutions with majority state ownership means this sector is well-regulated with almost no "black market" activity, resulting in few violations. In 2022, there were 86 inspections related to labor relations, leading to 30 orders for correction and 22 fines totaling 26,100 KM. In the area of occupational safety, 88 inspections were carried out, resulting in 65 correction orders and 34 fines totaling 83,500 KM. Cantonal inspections reported 280 workplace injuries, including 13 fatalities and 267 severe injuries, and documented 499 new construction sites in 2022 (Federal Administration for Inspection Affairs Three-Year Work Plan of the Federal Administration for Inspection Affairs For the Period 2024 – 2026).

The Republic Administration for Inspection Affairs of the Republika Srpska is responsible for enforcing laws and regulations through inspections across various sectors. It consists of thirteen inspection sectors, including food, market, agricultural, forestry, veterinary, water, technical, traffic, urban planning, environmental, labor, health, education and sports, and fire protection inspections. The Inspectorate oversees over 160 laws and 700 by-laws in approximately 70 areas, with inspectors stationed at 14 border crossings for foreign trade supervision.

In 2023, the Inspectorate conducted 27,646 internal inspections, achieving 100.3% of its plan, with 31% of inspections identifying irregularities, a 1.1% increase from the previous year. Controls in the field of labor relations, held by the Sector Inspectorate for labor inspection, yielded an expected result of 2,539 inspections, with an achieved result of 3,017 inspections. The planned financial amount was set at 847,579.18 units, while the expected amount reached 905,548.66 units. The execution percentage of inspections stood at 106.84% (Annual Report on the Work of the Republic Administration for Inspection Affairs for the Year 2023.).

Informal employment remains a significant issue in Bosnia and Herzegovina, with rates consistently above 20% in recent years, except for a notable decrease to 14.3% in 2020. Gender disparities are evident, with women experiencing slightly higher rates of informal employment compared to men. One of the challenges highlighted is the lack of publicly available data disaggregated by entities and the Brčko District, which complicates targeted policy interventions and monitoring efforts. Addressing informal employment is crucial not only for economic stability but also for improving social welfare and gender equity in employment.

Understanding the nature of informal work is crucial, as it varies widely in its social implications and enforcement outcomes. Agricultural activities stand out as a critical sector in Bosnia and Herzegovina, where informal employment rates consistently surpass 80% over the observed period (source: https://rshiny.ilo.org/dataexplorer9/?lang=en&id=EIP_NEET_SEX_NB_A). This sector's persistent high informality suggests entrenched challenges, demanding focused regulatory attention and enforcement efforts. However, it's essential to recognize that informal work in agriculture often involves social aspects such as familial labor or seasonal employment patterns, complicating enforcement without careful consideration of its socio-economic context.

Conversely, non-agricultural activities generally exhibit lower rates of informal employment, typically below 11%, and show a declining trend. Sustaining this positive shift towards formalization necessitates ongoing vigilance through robust labor market inspections and targeted policy interventions. These measures are crucial across all sectors to foster formal employment practices effectively while mitigating potential negative impacts on livelihoods and social dynamics

associated with informal work arrangements. Thus, a nuanced approach is essential, balancing enforcement with support for transitioning workers and enterprises towards formalization to achieve sustainable and inclusive economic growth.

To tackle the pervasive issue of informal employment, Bosnia and Herzegovina should prioritize increasing the frequency and rigor of labor market inspections. Specifically, there is a need to intensify inspections in high-risk sectors such as agriculture, where informal employment rates are alarmingly high. Strengthening enforcement efforts can lead to improved compliance with labor regulations, thereby reducing informal employment and enhancing working conditions. Furthermore, enhancing data transparency and availability, particularly at the entity and Brčko District levels, is essential for informed decision-making and effective policy formulation aimed at promoting formalized and equitable employment opportunities. In conclusion, enhancing labor market inspections is pivotal for addressing informal employment challenges in Bosnia and Herzegovina. By targeting sectors with high informal employment rates, improving data availability, and implementing robust policy measures, the country can move towards a more formalized and inclusive labor market that fosters sustainable economic growth and social development.

TABLE 105: ACTIVITIES WITHIN STEP 3.2.1.2.

Activity Code	Activity title	Responsibility	Source of verification
3.2.1.2.1.	Assessment of Current Capacity	Inspectorates RS, FBiH and BiH, Service for Foreigners' Affairs of Bosnia and Herzegovina	Report of the performance audit or Annual work report Evaluated the current capacity of labor inspection agencies at the entity, and cantonal levels to determine the baseline number of inspections conducted annually, serving as an indicator of readiness for increasing labor inspection activities.
3.2.1.2.2.	Development of Action Plans and Srenghtning Inspectorates Capacities	Inspectorates RS, FBiH and BiH, Service for Foreigners' Affairs of Bosnia and Herzegovina	Workplans for coming year Developed action plans outlining specific targets, objectives, and timelines for increasing the number of regular labor inspections across different regions and sectors. Set achievable goals for each labor inspection agency based on their capacity, workload, and priorities.
3.2.1.2.3.	Stakeholder Engagement	Inspectorates RS, FBiH and BiH, Service for Foreigners' Affairs of Bosnia and Herzegovina	Annual work report and activities reports Meetings, workshops and seminars with relevant stakeholders, including employers' associations, trade unions, industry representatives, and civil society organizations, to raise awareness of the importance of labor inspections and encourage cooperation in ensuring compliance with labor laws and regulations.
3.2.1.2.4.	Promotion of Compliance Assistance and Voluntary Compliance	Inspectorates RS, FBiH and BiH, Service for Foreigners' Affairs of Bosnia and Herzegovina	Annual work report Reports on provided guidance, assistance, and resources to employers to help them understand and comply with labor laws and regulations proactively. Encouraged the adoption of voluntary compliance programs and initiatives that promote a culture of workplace safety, fair labor practices, and respect for workers' rights.
3.2.1.2.5.	Enhanced Inspection Field Work	Inspectorates RS, FBiH and BiH, Service for Foreigners' Affairs of Bosnia and Herzegovina	Report of the performance audit or Annual work report Implemented robust monitoring and reporting mechanisms to track the progress of labor inspection activities, including the number of inspections conducted, findings of non-compliance, enforcement actions taken, and outcomes achieved. Regularly reviewed and analyzed inspection data to identify trends, hotspots, and areas requiring targeted intervention. (June 2026)
3.2.1.2.6.	Decreasing informal employment, and benefits for society by enhancing social protections for workers, and fostering sustainable economic growth.		ILO reports on informal and formal employment: https://rshiny.ilo.org/

STEP 3.2.1.3. – Discharge the public employment services (PES) from administrative duties related to health insurance at all levels

In the Federation, the delivery of employment services faces significant challenges due to the imbalanced ratio between advisors in public employment services and unemployed individuals. One contributing factor is that being registered as unemployed grants access to free health insurance. Strategies proposed to address this include separating records into "active" and "passive" registries, a method seen in Ireland, though such reforms outlined in the Federation's Employment Strategy (2018-2021) and economic reform programs submitted to the European Commission have not materialized.

The new Law on Employment Mediation and Social Security of Unemployed Persons has been established in draft form by the Government of the Federation of BiH. The legal solutions in this Law were agreed upon with interested stakeholders at the 33rd session of the Government of the Federation of Bosnia and Herzegovina, held on April 30, 2024, and urgencies have been sent to the Federal Ministry of Finance and the Federal Ministry of Justice for their opinions. The law provides solution for special records of active and passive job seekers in the cantonal employment services and the Federal Employment Institute, which can be interpreted in practice as a separation of those who are genuinely seeking employment and those who are on the records to exercise the rights that arise from unemployed status. This is a necessary preliminary step for the permanent removal from the records of individuals who are not seeking employment but are using this status to claim rights, the most significant of which is the right to health insurance.

Another approach, akin to those in Serbia, North Macedonia, and Montenegro, involves amending laws governing employment mediation, unemployment protection, and health insurance to reduce the number of individuals on the unemployment register solely for health benefits.

Republika Srpska, for instance, has already amended its laws to ensure the Employment Bureau can remove inactive job seekers from the unemployment registry while ensuring universal health coverage for all.

TABLE 106: ACTIVITIES WITHIN STEP 3.2.1.3.

Activity Code	Activity title	Responsibility	Source of verification
3.2.1.3.1.	Conduct analyses of the legal framework	Federal Ministry of Labour and Social Policy	Analyses of the legal framework conducted
3.2.1.3.2.	Make necessary legal amendments (Amendments to the Law on Employment Mediation and Rights During Unemployment and the Law on Health Insurance)	Federal Ministry of Health; Health Insurance Fund; Cantonal employment services	Official Gazzette
3.2.1.3.3.	Provide support to the Health Insurance Fund during transition period and taking up new beneficiaries	Federal Ministry of Health; Health Insurance Fund; Cantonal employment services	Work plan and annual report of the Health Insurance Fund
3.2.1.3.4.	Communication and Outreach towards new Health Insurance Fund beneficiaries	Health Insurance Fund; Cantonal employment services	Work plan and annual report of the Health Insurance Fund Ensured effective communication with stakeholders regarding the decision to discharge PES from health insurance administrative duties and minimized potential disruptions to beneficiaries during the transition. (June 2025)

In the Federation of Bosnia and Herzegovina, the right to health insurance for unemployed individuals is obtained by registering with the Employment Service within 30 days of the termination of employment or cessation of activities. In contrast, in Republika Srpska, this right is not obtained through the Employment Service as it is in the Federation. In

April 2024, a record low number of people applied for health insurance rights for unemployed individuals in the Federation. According to statistics from the Federal Employment Service, 182,615 individuals applied for this right. The highest numbers were recorded in the period of 2015-2016, with approximately 262,000 applications. During the COVID-19 pandemic in 2020-2021, the number started at 212,353 in early 2020 and rose to 225,867 by the end of that year, which continued into 2021.

STEP 3.2.1.4. – Establish continuous data exchange between the PESs and Centres for Social Work for activation of vulnerable groups / users of social assistance

Establishing continuous data exchange between Public Employment Services (PESs) and Centres for Social Work is crucial for the activation of vulnerable groups and users of social assistance. This collaboration aims to ensure that both agencies can share relevant information, providing a comprehensive understanding of the needs and circumstances of individuals. By integrating data, these services can develop more targeted and effective strategies to support those in need, particularly the most vulnerable members of society who might otherwise fall through the cracks.

However, such data exchanges must be conducted with stringent data protection and privacy measures in place. Ensuring the confidentiality and security of personal information is paramount to maintaining the trust of individuals who rely on these services. This involves implementing robust encryption methods, establishing clear protocols for data access and sharing, and regularly auditing the systems for vulnerabilities. Additionally, compliance with national and international data protection regulations, such as the General Data Protection Regulation (GDPR), is essential to safeguard individuals' rights and prevent misuse of sensitive information. Through these efforts, PESs and Centres for Social Work can protect personal data while effectively coordinating to improve the support for vulnerable populations. In Republika Srpska, significant efforts have already been made in this direction, demonstrating a proactive approach to enhancing support for vulnerable groups. This progress sets a valuable precedent and provides a framework that the Federation is expected to address in the coming period. The organizational structure of Centres for Social Work and employment services at the cantonal level in the Federation presents additional challenges, requiring substantial effort and coordination to achieve similar outcomes. Establishing effective data exchange and collaboration across multiple cantonal entities necessitates careful planning and resource allocation to ensure seamless integration and cooperation.

Regarding the cooperation between the cantonal employment services and social work centers in Federation of BiH, with the aim of activating vulnerable groups of unemployed persons/social assistance beneficiaries in the labor market, this activity has been recognized in the Employment Strategy of the Federation of BiH (2023-2030), and that social assistance beneficiaries will be included through innovative employment programs in the coming period.

The concept of an Outreach Youth Guarantee is particularly relevant in this context. Outreach efforts focus on identifying and engaging young people who are not known to public service providers, such as those not registered at PESs or social work centres. These young individuals are often "hard to reach," including early school leavers, young people facing substance abuse issues, and those who are homeless. The outreach process involves several critical stages: identifying these young people, establishing contact and engaging them, delivering tailored support programmes, and continuously monitoring and adjusting these programmes to ensure they meet the evolving needs of the youth. Implementing such an outreach model across the Federation's cantonal structure will require significant effort but is essential for providing equitable support and opportunities for all young people.

TABLE 107: ACTIVITIES WITHIN STEP 3.2.1.4.

Activity Code	Activity title	Responsibility	Source of verification
3.2.1.4.1.	Assessment of Current Cooperation	Public Employment Services RS, FBiH, cantons and BDBiH, local centers for social work Ministries in charge of labour and social policies RS (Ministry of Labor, War Veterans and Disabled Persons' Protection of Republic of Srpska, Ministry of Health and Social Protection of Republic of Srpska), FBiH, cantons and BDBiH department	Annual work report and workplan Conducted a thorough assessment of the existing data systems used by both PESs and CSWs. Identified strengths, weaknesses, compatibility issues, and data security concerns.

3.2.1.4.2.	Define Data Exchange Protocols	Public Employment Services RS, FBiH and BDBiH, local centers for social work Ministries in charge of labour and social policies RS (Ministry of Labor, War Veterans and Disabled Persons' Protection of Republic of Srpska, Ministry of Health and Social Protection of Republic of Srpska), FBiH, cantons and BDBiH department	Annual work report and workplan Developed protocols and standards for data exchange between PESs and CSWs. This included defining data formats, encryption methods, frequency of exchange, and data access permissions.
3.2.1.4.3.	Technology Infrastructure	Public Employment Services RS, FBiH and BDBiH, local centers for social work Ministries in charge of labour and social policies RS (Ministry of Labor, War Veterans and Disabled Persons' Protection of Republic of Srpska, Ministry of Health and Social Protection of Republic of Srpska), FBiH, cantons and BDBiH department	Annual work report and workplan Upgraded or developed technology infrastructure for seamless data exchange, implementing interoperable systems, integration platforms, and secure channels.
3.2.1.4.4.	Data Harmonization	Public Employment Services RS, FBiH and BDBiH Ministries in charge of labour and social policies RS (Ministry of Labor, War Veterans and Disabled Persons' Protection of Republic of Srpska, Ministry of Health and Social Protection of Republic of Srpska), FBiH, cantons and BDBiH department	Annual work report and workplan Standardized data elements and terminology used by PESs and CSWs to facilitate meaningful data exchange. Established common identifiers for individuals, consistent service categorization, and shared definitions of key variables.
3.2.1.4.5.	Pilot Implementation	Public Employment Services RS, FBiH and BDBiH, local centers for social work Ministries of labour and social policies RS, FBiH, cantons and BDBiH department	Annual work report and workplan Conducted a pilot implementation of the data exchange system in select regions or offices. Monitored the process closely, gathered feedback from stakeholders, and identified areas for improvement.
3.2.1.4.6.	Scalability and Sustainability	Public Employment Services RS, FBiH and BDBiH, local centers for social work Ministries of labour and social policies RS, FBiH, cantons and BDBiH department	Annual work report and workplan Designed the data exchange system to be scalable and sustainable in the long term, considering factors such as future growth in data volume, changes in technology, and evolving regulatory requirements.

Since this exchange doesn't exist, it's difficult to identify precise user numbers, but the starting point should definitely be trends among particularly vulnerable categories that can be derived from the labor force survey. The percentage of youth aged 18-24 leaving education before completion was 4.2% in 2023, which is a 0.5 percentage point decrease compared to 2021, but it represents a stable percentage and certainly a base of young people in the NEET category. The NEET category has decreased from 19.9% in 2021 to 16.5% in 2023. The working-age youth population during this period was reported at 360,000 individuals.

During 1st quarter of 2024, the distribution among different age groups within the total labor force of 2,876,000 persons was as follows: 66.4% belonged to the age group 25 - 49 years, 26.3% to the age group 50 - 64 years, 5.8% to the age group 15 - 24 years, and 1.5% were persons aged 65 and older. Among the total population outside the labor force, 40.3% were persons aged 65 and older, 23.9% belonged to the age group 50 - 64 years, 18.8% belonged to the age group 15 - 24 years, and 16.9% belonged to the age group 25 - 49 years.

Looking specifically at employment statistics, out of the total number of employed persons, 66.1% were in the age group 25 - 49 years, 27.4% in the age group 50 - 64 years, 4.9% in the age group 15 - 24 years, and 1.6% were persons aged 65 and older. Conversely, out of the total number of unemployed persons, 68.3% belonged to the age group 25 - 49 years, 19.4% to the age group 50 - 64 years, 11.8% to the age group 15 - 24 years, and 0.6% were persons aged 65 and older. Source: Labour Force Survey, 1st quarter of 2024

Since 2021, the Agency for Statistics of Bosnia and Herzegovina, the Federal Bureau of Statistics, and the Statistical Office of Republika Srpska have started implementing a new, redesigned methodology for the Labor Force Survey. The redesign of the survey was based on and in accordance with the new Regulation of the European Parliament and Council, which came into force on January 1, 2021. Changes in the LFS methodology do not allow for long-term longitudinal monitoring, so comparisons can only be made from 2021 onward.

STEP 3.2.1.5. – Number of members of vulnerable groups receiving mediation services by PES staff increased by 20%

In the absence of a precise definition of "vulnerable groups" in the context of employment, the groups targeted through employment programs, especially through financial incentives, have been analyzed. These programs often focus on demographic groups facing significant challenges in finding employment due to various barriers. Experience shows that this approach effectively identifies groups that are particularly vulnerable in specific territories or regions.

In the realm of employment and social policies in Bosnia and Herzegovina, "vulnerable groups" encompass demographic segments facing heightened risks of exclusion, discrimination, or marginalization within the labor market. These groups necessitate targeted interventions to surmount obstacles to employment and to foster their economic and social inclusion. Youth, particularly those lacking work experience or encountering difficulties transitioning from education to the workforce, face significant challenges. Women, often contending with gender biases and the dual responsibilities of work and caregiving, also fall into vulnerable categories. Long-term unemployed individuals, who endure extended periods without job opportunities, require support to reintegrate into the workforce effectively. Middle-aged and older adults, aged 40 and above, confront potential age-related discrimination and must adapt to evolving job market dynamics. Persons with disabilities face various barriers related to physical, sensory, intellectual, or mental health challenges that affect their employability. Ethnic minorities, including Roma, refugees, and internally displaced persons, encounter discrimination and systemic barriers that hinder their access to employment opportunities. Low-skilled or unskilled workers, lacking formal qualifications, struggle to secure adequate training and suitable job placements. Finally, demobilized soldiers and war veterans require specialized support to successfully transition into civilian careers and achieve sustainable employment Source: Labour and Employment Agency of B&H - Plan on Labor Market Policy Guidelines and Active Employment Measures for the year 2022, July 2023).

It's important to acknowledge that the definition of "vulnerable groups" is inherently broad and socially constructed within employment policies. This inclusivity means that virtually every individual registered with PES could be classified as vulnerable to some degree, based on varying degrees of employment barriers they face. However, due to the lack of systematic data on mediation outcomes, it is not possible to statistically differentiate those from specific vulnerable groups (or vulnerable group as a whole) who have received mediation services. Moreover mediation as specific service does not exist in the list of provided services. Consequently, individuals who are deregistered from unemployment for employment purposes are often considered successfully mediated by default, even though their specific vulnerabilities and the efficacy of interventions may vary widely. In the absence of precise data on mediation outcomes, in this chapter has been followed this pragmatic approach.

In 2022, both the Federation of Bosnia and Herzegovina and Republika Srpska showed positive developments in their labor markets. The Federation saw a notable reduction in the average number of unemployed individuals to 289,912. This decrease in unemployment, reflecting a 7% drop compared to the previous year, was spread across various educational backgrounds, with skilled individuals comprising 68.9% of those seeking jobs and unskilled individuals making up 31.1%. The registered unemployment rate in the Federation was reported at 35.1%, indicating a significant portion of the workforce actively seeking employment. Key sectors in professions ranging from metalworkers and mechanics to financial technicians and healthcare workers (Source: Labour and Employment Agency of B&H - Plan on Labor Market Policy Guidelines and Active Employment Measures for the year 2022, July 2023).

Meanwhile, in Republika Srpska, as of December 2022, the number of registered unemployed individuals stood at 64,295, marking an 8.1% decrease from the previous year's figures. Compared to January 2022, this represented a more substantial decrease of 14.5%. The overall decline in unemployment mirrored trends observed in the Federation, indicating a broader improvement in employment conditions across the country. These developments underscored a favorable trend towards increased employment and reduced unemployment rates in both entities of Bosnia and Herzegovina throughout 2022 (Source: Labour and Employment Agency of B&H - Plan on Labor Market Policy Guidelines and Active Employment Measures for the year 2022, July 2023).

The prerequisite for effective mediation is advisory work with unemployed individuals and a thorough assessment of their strengths and weaknesses in the labor market through individual employment plans. Employers needing workers can submit their requests to the Employment Service. Once the request is submitted, the PES' offices search their individual

employment plans and database for suitable candidates and facilitate mediation. Advisors within the offices analyze each employer request based on Individual Employment Plans and other relevant data concerning unemployed individuals. This process may reveal candidates requiring financial assistance specified in their Individual Employment Plans to secure employment in sectors where employers seek workers. In such cases, advisors include these candidates on the list of potential hires.

Ensuring that active employment measures move beyond merely emphasizing financial incentives for employers. While crucial, these incentives represent just one aspect of a broader spectrum of interventions needed for effective mediation. This comprehensive approach includes advisory work with unemployed individuals, thorough assessments of their strengths and weaknesses in the labor market, counseling, job search support, job creation through public works, and training.

To truly fulfill their purpose and restore credibility in the labor market, public employment services must adopt these holistic strategies. Relying solely on financial transfers to employers, while important, currently falls short in enhancing the overall efficiency and effectiveness of employment services in fulfilling their mandate.

TABLE 108: ACTIVITIES WITHIN STEP 3.2.1.5.

Activity Code	Activity title	Responsibility	Source of verification
3.2.1.5.1.	Development of the holistic PES mediation strategy with prioritized vulnerable groups	Public Employment Services RS, FBiH and BDBiH, Ministry of Labour, War Veterans and Disabled Persons' Protection of Republic of Srpska	Annual work report
3.2.1.5.2.	To facilitate the process for employers in need of workers, the Employment Service should enable online submission of worker requests, streamlining procedures and make paperwork as easy as possible.	Public Employment Services RS, FBiH and BDBiH	Annual work report
3.2.1.5.3.	Implement procedure for counsellors to conduct pre-selection of unemployed individuals (with which they are conducting advisory work) based on employer requests submitted for mediation, ensuring thorough screening to match candidates' profiles with job requirements effectively.	Public Employment Services RS, FBiH, cantons and BDBiH	Annual work report
3.2.1.5.4.	Implement procedure that suitable candidates, verified by advisors, will be referred to employers. For those from vulnerable groups, offer participation in Active Labor Market Programs (ALMPs).	Public Employment Services RS, FBiH, cantons and BDBiH	Annual work report
3.2.1.5.5.	Implement procedure that if there is no suitable candidates are found, advisors work with the employer to explore alternative solutions that meet their needs, potentially adjusting initial expectations due to objective factors or the lack of desired skills in the candidate pool or contacting more distant PES office.	Public Employment Services RS, FBiH, cantons and BDBiH	Annual work report
3.2.1.5.6.	Data Analysis and Reporting	Public Employment Services RS, FBiH, cantons and BDBiH	Annual work report Report on number of vulnerable group members receiving mediation services with trends, challenges, and areas for improvement.

Interviews with individuals engaged in statistical roles within cantonal employment services have revealed that all individuals who deregister from the employment registry due to finding employment are treated as successfully mediated. This practice can be justified as it aligns with legal definitions stipulating that mediation encompasses all actions and measures undertaken to connect unemployed individuals seeking employment, as well as employed individuals seeking

job changes, with employers in need of personnel for employment contracts or engagements. A narrower definition would solely consider mediation as the referral of unemployed individuals to employers, which is not applicable in this case. In 2023, the Federal Employment Institute significantly removed 75,252 individuals from its records due to their employment. The composition of the employed population highlights a varied educational background: 14,216 individuals with University Degree (VSS), 25,864 with High School Education (SSS), 22,929 of Qualified Workers (KV), and 8,935 of Non-Qualified Workers (NKV), as reported by the BiH Labour and Work Agency (source: Database of BiH Labour and Work Agency)

In 2023, the Public Employment Service of Republika Srpska experienced a significant reduction in its registry, removing 22,934 individuals due to their engagement in private activities or employment, averaging approximately 2,465 individuals per month. This marks a notable decrease of 6,648 individuals, amounting to a 22.5% drop compared to the previous year, as reported in the RS PES annual report. The composition of those employed reflects a diverse educational background: 5,287 individuals with University Education (VSS), 8,133 with High School Education (SSS), 6,206 of Qualified Workers (KV), and 2,142 with Non-Qualified Workers (NKV), according to data from the BiH Labour and Work Agency. These figures underscore both the shifting dynamics in employment patterns and the educational qualifications of the workforce in Republika Srpska during the specified period (source: RS PES Annual Report and Database of BiH Labour and Work Agency).

Monthly employment analysis highlights peak employment in March and September, with January recording the lowest numbers. A detailed breakdown of deregistrations across branches in 2023 reveals the highest employment numbers at the Banja Luka Branch, accounting for 27.6% with 6,326 individuals, followed by Doboj with 3,935 individuals, and Prijedor with 2,409 individuals, representing 17.2% and 10.5% respectively. The Bijeljina Branch accounted for 2,817 individuals or 12.3% of total employment. Conversely, Zvornik Branch reported the lowest employment rate at 10.3%, followed by Trebinje at 9.3%.

Women comprised 55% of the total employed individuals (Source: Annual Report on Work and Operations of the Employment Bureau of Republika Srpska for 2023.)

STEP 3.2.1.6. – 25% increase of women and vulnerable groups targeted by ALMPs

Financial incentives have been implemented in the same way for years, and their effects and reach are limited. Subsidies are expensive and very attractive to employers because they reduce labor costs, but at the same time, they cause market distortions. It is a misconception to think that active measures serve employers to create new jobs because that is not their purpose, except in cases of self-employment.

Financial incentives encourage employers to hire workers who are in a disadvantaged position in the labor market, rather than choosing those who fully meet their criteria. An employer who needs a worker can submit an application to the Employment Service. After submitting the application for a worker, the Employment Service searches the database for workers who meet the required profile, thus providing mediation services. There are two possible outcomes of the mediation process: the Employment Service mediates the employment of individuals from the registry who meet the employer's conditions, or if there is a program for certain target groups, the Service informs the employer that there is a program for the specific group subject to active measures.

The incentive measure, therefore, covers the costs of reduced worker productivity for a certain period. It is very important to precisely target vulnerable groups, in this case, women, and to provide them with all necessary support. The employer decides whether to hire a worker with or without a subsidy. It is crucial that workers eligible for subsidized employment are referred by the Employment Service to prevent employers from pre-selecting a worker and keeping them in unregistered employment while waiting for the program to start. Only if financial incentives are implemented in this manner can advisory work and Employment Service reform be successful.

As a baseline, the latest available data from the Labour and Employment Agency of Bosnia and Herzegovina indicates that in 2022, a total of 26,106 active labor market policies (ALMPs) were implemented. These policies encompass a diverse range of initiatives aimed at addressing unemployment, enhancing vocational training, promoting entrepreneurship, and supporting disadvantaged groups in the labor market. The comprehensive nature of these measures reflects Bosnia and Herzegovina's commitment to fostering sustainable economic growth and reducing disparities across various sectors and regions. The agency's annual report, "Plan on Labor Market Policy Guidelines and Active Employment Measures for the year 2022," published in July 2023, provides detailed insights into the strategic framework and impact assessment of these interventions. This data serves as a critical foundation for evaluating the effectiveness and scope of labor market interventions in the country.

TABLE 109: ACTIVITIES WITHIN STEP 3.2.1.6.

Activity Code	Activity title	Responsibility	Source of verification
3.2.1.6.1.	Increase counseling and guidance for women and vulnerable groups and public communication and outreach, including to vulnerable groups	Public Employment Services RS, FBiH and BDBiH, Ministry of Labour, War Veterans and Disabled Persons' Protection of Republic of Srpska	Annual work report and workplan – number of individual employment plans planned and implemented
3.2.1.6.2.	Create a new rulebook on implementation of the ALMPs through mediation services of persons that are involved into counselling	Ministries for labour RS, FBiH, BDBiH	Most commonly, active employment measures address only financial incentive to employers, but they represent just one of the measures, and in short they encompass counselling, job search support, job creation through public works and training.
3.2.1.6.3.	Developed PESs programs with prioritized vulnerable groups involved in ALMPs	Public Employment Services RS, FBiH and BDBiH Ministries for labour RS, FBiH, BDBiH	Plan on Labor Market Policy Guidelines and Active Employment Measures – Labour and Employment Agency of B&H
3.2.1.6.4.	Profiling and targeting eligible beneficiaries for available subsidies	Public Employment Services RS, FBiH, cantons and BDBiH	Annual work report and workplan
3.2.1.6.6.	Facilitation of employer-worker matching through mediation services	Public Employment Services RS, FBiH, cantons and BDBiH	Annual work report and workplan
3.2.1.6.5.	Regular decision-making sessions for subsidy approvals	Public Employment Services RS, FBiH, cantons and BDBiH	Annual work report and workplan
3.2.1.6.6.	Monitoring and evaluation of subsidy effectiveness	Public Employment Services RS, FBiH, cantons and BDBiH	Annual work report and workplan
3.2.1.6.7.	Data Analysis and Reporting on prioritized vulnerable groups involvement in ALMPs	Public Employment Services RS, FBiH, cantons and BDBiH	Report on number of vulnerable group members involved in ALMPs with trends, challenges, and areas for improvement.

In 2023, Bosnia and Herzegovina's Republika Srpska and the Federation of Bosnia and Herzegovina are implementing ambitious programs aimed at supporting unemployed individuals. Republika Srpska has allocated 35,780,000 KM to assist 6,553 unemployed persons, with an average support of approximately 5,460 KM per person. This funding aims to enhance job market competitiveness, mitigate long-term unemployment, and stimulate self-employment and entrepreneurial activities. The programs underscore a commitment to empowering individuals through targeted interventions that foster economic resilience and sustainability.

Meanwhile, in the Federation of Bosnia and Herzegovina, a substantial budget of 111,310,466 KM is earmarked to support 13,000 unemployed individuals. This translates to an average support of about 6,153.84 KM per person, emphasizing initiatives tailored to promote gender and social sensitivity, facilitate quicker job market integration, and create pathways for gaining initial work experience or starting independent businesses. The strategic allocation of resources reflects a comprehensive approach to tackling unemployment challenges, aiming to build a more inclusive and dynamic labor market environment. Looking ahead, both entities are scaling efforts to increase employment rates further. In the Federation of Bosnia and Herzegovina, a 25% increase in supported individuals amounts to an additional 3,250 persons, necessitating an extra 19,941,480 KM in funding. In Republika Srpska, a similar increase of 25% equates to supporting 1,638 more individuals, requiring an additional 8,944,845 KM. Together, these efforts represent a combined investment of 28,886,325 KM to bolster employment opportunities across the country.

This proactive approach underscores Bosnia and Herzegovina's commitment to sustainable economic growth and social equity, aiming to empower its workforce amidst evolving economic landscapes. (source: <http://www.arz.gov.ba/Dokumenti/Fajlovi/Smjernice%202023%20finalno.pdf>)

STEP 3.2.1.7. – Improve PESs registries of active and inactive job seekers by including Quality Assurance indicators

Implementing a performance management system for PES involves integrating key indicators like the percentage of employed persons from each bureau and the number of staff members per unemployed person. These metrics serve distinct purposes: the former as an outcome indicator gauging each bureau's effectiveness in job placement, and the latter as an administrative efficiency measure highlighting how effectively resources are utilized. Central to this methodology is Yardstick Competition, which introduces competitive dynamics among PES bureaus. Unlike traditional market competition, Yardstick Competition focuses on comparing operational costs and performance outcomes among similar organizations in terms of environment in which they operate. This approach encourages efficiency improvements and fosters accountability, crucial in environments where conventional market mechanisms may fall short in assessing PES effectiveness. Yardstick Competition stimulates a race to optimize operational efficiency and maximize job placement outcomes across PES bureaus. This competitive framework not only drives cost-effectiveness but also ensures that resources are allocated efficiently to support unemployed individuals in securing employment. Through ongoing monitoring and adaptation of performance metrics like job placement rates and staff-to-unemployed ratios, PES can continuously refine its strategies to meet evolving employment challenges and deliver impactful outcomes for both job seekers and the economy at large.

The significance of assessing service provider costs or setting minimum cost benchmarks. However, in the context of PES, cost minimization is not the primary objective due to budget constraints. Instead, the focus shifts towards maximizing performance within allocated resources or budgetary limits. This approach aims to ensure that PES deliver impactful outcomes rather than merely managing expenditures. By prioritizing performance over cost reduction, PES can better fulfill their mandate of facilitating employment and enhancing labor market outcomes. Three key reasons argue against using costs as the sole metric for success in PES.

Firstly, while costs reflect resource utilization, the ultimate goal is achieving meaningful results such as successful job placements and sustainable employment. Secondly, the quality of PES services, particularly in reintegrating the unemployed into the workforce, is paramount but challenging to quantify solely through cost metrics. Emphasizing costs over quality could inadvertently compromise service delivery and long-term outcomes. Thirdly, as public institutions funded by taxes, PES are not profit-driven entities. Thus, optimizing the impact of public funds through effective service delivery is critical for maximizing societal benefits. Aligning with legislative mandates and strategic objectives, PES must prioritize goals like preventing unemployment, facilitating rapid job placement, and ensuring efficient management of unemployment benefits. Achieving these objectives requires robust performance indicators that accurately reflect the real-world impacts of PES activities.

These indicators should be resilient to external influences and manipulation, ensuring transparency and accountability in service delivery. Adopting a management by objectives approach operationalizes strategic goals into measurable benchmarks, driving continuous improvement within PES. This transformative approach shifts the focus from mere resource management to achieving high-quality outcomes that justify public investment. Simultaneously, ensuring active participation in advisory processes and streamlining registry requirements for users not actively seeking employment are essential steps in optimizing PES effectiveness and enhancing user engagement.

All unemployed persons should be included in the advisory process of the employment services, and those who do not wish to participate should be removed from the registry. The reorganization of rights tied to registration assumes that many users will lose motivation to remain registered if they are not actively seeking employment.

TABLE 110: ACTIVITIES WITHIN STEP 3.2.1.7.

Activity Code	Activity title	Responsibility	Source of verification
3.2.1.7.1.	Based on activities from holistic PES mediation strategy identify key performance indicators (step 3.2.1.5.)	Public Employment Services RS, FBiH and BDBiH	Annual work report and workplan Determined the primary activities related to active job search
3.2.1.7.2.	Develop performance management system	Public Employment Services RS, FBiH and BDBiH	Annual work report and workplan

			Identified QA indicators that align with the goals and objectives of each active job search.
3.2.1.7.3.	Staff Training and Guidelines: Provide training to staff members responsible for delivering employment services on the importance of PMS and how to adhere to performance standards. Develop guidelines and protocols for implementing performance indicators in their daily work.	Public Employment Services RS, FBiH, cantons and BDBiH	Annual work report and workplan QA indicators incorporated directly into the workflow and processes of each active job search activity. Updated documentation templates, software systems, and reporting mechanisms to capture relevant data.
3.2.1.7.4.	Regular Monitoring, Sanctions and Evaluation	Public Employment Services RS, FBiH, cantons and BDBiH	Annual work report and workplan Conducted periodic reviews, surveys, and performance assessments to track progress and identify areas for improvement.

STEP 3.2.1.8. – At least 20% of beneficiaries of YG are employed within 6 months after completion

By definition, the Youth Guarantee (YG) is a policy initiative aimed at ensuring that all individuals under the age of 29 receive a high-quality offer of employment, continued education, apprenticeship, or traineeship within four months of becoming unemployed or leaving formal education. This initiative is designed to swiftly integrate young people into the labor market or provide them with opportunities for further education and skills development. By offering timely and relevant pathways, the Youth Guarantee aims to combat youth unemployment and enhance young people's prospects for sustainable employment and personal development. The Action Plan currently being developed by the Expert Group for the Federation of BiH is focused on two selected pilot locations: the Čitluk Employment Bureau in the Herzegovina-Neretva Canton and the Visoko Employment Bureau in the Zenica-Doboj Canton. The adoption of the Youth Guarantee Action Plan in the Federation of BiH is a prerequisite for the general implementation of the Youth Guarantee Program. The relevant entity ministry coordinating and leading the program in the Federation of BiH is the Federal Ministry of Labor and Social Policy. The Government of the Federation of BiH adopts the Action Plan for the Federation of BiH, and the cantonal governments will also need to adopt their own action plans in the long term.

The EU Program Youth Guarantee in Bosnia and Herzegovina aims to address youth unemployment by ensuring that every young person in Bosnia and Herzegovina has access to education, training, or employment within a specified period after leaving education or becoming unemployed. To fully implement the Youth Guarantee in Bosnia and Herzegovina, it is crucial to develop and adopt an Implementation Plan. Currently, draft action plans have been prepared for Republika Srpska (RS) and the Brčko District (BD), while the action plan for the Federation of Bosnia and Herzegovina (FBiH) is undergoing development. Once these action plans are approved, they will pave the way for the effective implementation of the Youth Guarantee and the initiation of pilot projects. These pilot projects are envisioned as the initial steps towards integrating the Youth Guarantee into the national framework, aiming to enhance institutional capacities in sectors supporting youth employment. The piloting phase of the Youth Guarantee is scheduled for 2026 in Bosnia and Herzegovina. This phase will serve to evaluate the effectiveness of the implemented system, identify any necessary adjustments, and gauge its impact on addressing youth unemployment challenges. It is anticipated that through these efforts, the Youth Guarantee will contribute significantly to improving opportunities for young people transitioning into the labor market and promoting sustainable economic growth in the region.

TABLE 111: ACTIVITIES WITHIN STEP 3.2.1.8.

Activity Code	Activity title	Responsibility	Source of verification
3.2.1.8.1.	The Action Plan for the Youth Guarantee Program has been adopted.	Ministries of labour and social policies RS, FBiH, cantons and BDBiH department Public Employment Services RS, FBiH and BDBiH	Relevant RS, FBiH, BDBiH government documents
3.2.1.8.2.	Selected PES/employment bureaus and other involved actors are	The Ministry of Civil Affairs of Bosnia and Herzegovina	Relevant RS, FBiH, BDBiH government documents: Number of PESs/employment

	capacitated for Youth Guarantee management and implementation	Ministries of labour and social policies RS, FBiH, cantons and BDBiH department Public Employment Services RS, FBiH and BDBiH	bureaus and other involved entities with raised capacities to deliver YG services
3.2.1.8.3.	Implementation of piloting at selected pilot locations	Public Employment Services RS, FBiH, cantons and BDBiH	Relevant RS, FBiH, BDBiH government documents: Number of young people voluntarily registered to participate in the Youth Guarantee Program (GzM); number of young people who have received services through the Youth Guarantee Program: All types of quality offerings that will be available as part of the offerings to participants in the Youth Guarantee Program (GzM) include: number and types of trainings, retraining, upskilling programs, co-financing programs, self-employment opportunities, etc.
3.2.1.8.4.	Local pilot programmes are reviewed, model refined and promoted further	The Ministry of Civil Affairs of Bosnia and Herzegovina Ministries of labour and social policies RS, FBiH, cantons and BDBiH department Public Employment Services RS, FBiH, cantons and BDBiH	Relevant RS, FBiH, BDBiH government documents: No of programmes reviewed and subject to post-review stakeholder dialogue
3.2.1.8.5.	Dissemination of the YG	The Ministry of Civil Affairs of Bosnia and Herzegovina Ministries of labour and social policies RS, FBiH, cantons and BDBiH department Public Employment Services RS, FBiH, cantons and BDBiH	Relevant RS, FBiH, BDBiH government documents

While the available statistics for Bosnia and Herzegovina offer valuable insights into youth trends and the NEET category, they face challenges in accurately targeting specific age groups, particularly those covered by the Youth Guarantee (15-29 years). Despite this limitation, commendable data collection efforts lay a foundation for understanding and effectively addressing the needs of young people.

Encouragingly, the decreasing trend in NEET category from 2021 to 2023 indicates stability and potential improvements in youth engagement and employment. The NEET rate dropping from 19.9% to 16.5% over these years suggests positive developments in policies or initiatives aimed at integrating young people into productive economic activities. By continuing to refine data analyses methodologies and closely align them with the evolving needs of youth, policymakers can better tailor interventions and support mechanisms.

STEP 3.2.1.9. – Ratio of job counsellors in Public Employment Services to job seekers is reduced to 1:500

In the Federation BiH, the delivery of employment services faces significant challenges due to the imbalanced ratio between advisors in public employment services and unemployed individuals. As of 2019, this ratio was strikingly disproportionate, with one advisor serving every 2,000 unemployed persons, well above the international standard of 1 advisor per 1,000. This disparity varies markedly across cantons; for example, in the Central Bosnia Canton, the ratio improves to 1 advisor per 767 unemployed, whereas in the Tuzla Canton, it worsens to 1 advisor per 3,430 unemployed. These disparities highlight critical deficiencies in resource allocation and service accessibility, impacting the effectiveness of employment support and exacerbating socio-economic inequalities within the Federation. The skewed advisor-to-unemployed ratios severely compromise the quality of employment services provided. Advisors tasked with 1:2,000 ratios

face immense challenges in delivering personalized guidance and support to job seekers, hindering efficient job placement efforts (source: Employment Strategy of FBiH 2024-2030).

This situation not only impedes the timely matching of skills with available opportunities but also limits the ability to address diverse needs among the unemployed population. The variation in ratios among cantons underscores the uneven distribution of resources and priorities in tackling unemployment, underscoring the need for targeted reforms to enhance service delivery and equitable access to employment support across all regions.

In addressing these challenges, it's noteworthy that Republika Srpska has already made significant progress by finalizing reforms that separate health insurance registration from the Public Employment Service (PES) register. This strategic initiative has provided Republika Srpska with a more accurate depiction of unemployment statistics, distinguishing between those actively seeking employment and those registering primarily for health benefits. By implementing this reform, Republika Srpska has streamlined its employment services, allowing for more focused allocation of resources to support genuine job seekers. This proactive approach not only enhances the integrity of employment data but also serves as a model for the Federation BiH to consider in its efforts to improve service delivery and promote sustainable economic development.

In Republika Srpska, the ratio of employees working directly with unemployed clients is notably structured, with each advisor, registrar, or staff member in job search clubs at the Employment Bureaus typically serving an average of 330 unemployed individuals. This functional assessment, conducted by the ILO, underscores the current dynamics of employment services within the region, highlighting the scale of support efforts aimed at addressing unemployment challenges effectively.

TABLE 112: ACTIVITIES WITHIN STEP 3.2.1.9.

Activity Code	Activity title	Responsibility	Source of verification
3.2.1.9.1	Assessment of Current Ratio	Public Employment Services RS, FBiH, cantons and BDBiH	Annual PES reports
3.2.1.9.2	Analyse rights of unemployed persons and redistribute responsibilities for its application where possible	Public Employment Services RS, FBiH, cantons and BDBiH	Report on implementation of the STEP 3.2.1.3.
3.2.1.9.3.	Optimize Workload Distribution: Review workload distribution among existing job counselors to ensure equitable allocation of responsibilities. Adjust caseload assignments based on counselor expertise, experience, and availability. Use e-tools wherever possible.	Public Employment Services RS, FBiH, cantons and BDBiH	Annual PES reports and workplans
3.2.9.1.4.	Continuous Professional Development	Public Employment Services RS, FBiH, cantons and BDBiH	Provided ongoing training and Annual PES reports and workplans.
3.2.9.1.5.	Strict application of the active job search rules and related sanctions	Public Employment Services RS, FBiH, cantons and BDBiH	Statistical reports on activities provided

COMPONENT 3 – SOCIAL PROTECTION SYSTEM

REFORM 3.3.1 HARMONISE PARENTAL LEAVE RIGHTS COUNTRY-WIDE AND IMPLEMENT THE SOCIAL CARD.

The development of social protection policy in Bosnia and Herzegovina is outlined in two strategic documents prepared by the relevant ministries responsible for social policies in the entities (the Federal Ministry of Labor and Social Policy and the Ministry of Health and Social Welfare) and in the Brčko District of BiH (the Department of Health and Other Services). The Draft Strategy for the Development of the Social and Child Protection System in the Federation of BiH 2023-2030 and the Social Protection Strategy of Republika Srpska for the period 2023-2029 are documents stemming from commitment to implement the 2030 Agenda. The Framework for Implementing the Sustainable Development Goals were adopted by the Council of Ministers in 2021, following its approval by the Federation of BiH, the Republika Srpska, and the Brčko District governments. The framework serves to guide the current and upcoming strategic planning processes in Bosnia and Herzegovina, including the Republic of Srpska, the Federation of BiH, and the Brčko District of BiH.

In Bosnia and Herzegovina's maternal benefits system, inconsistencies in regulations lead to unequal access to maternity benefits across regions, notably in the Federation of BiH. This disparity disproportionately affects unemployed mothers, whose entitlements hinge on the economic capabilities of individual cantons. The lack of a unified framework exacerbates socio-economic inequalities and highlights systemic flaws within the welfare system. Despite existing legal frameworks, accessing entitled maternity benefits remains a formidable challenge for many women, both employed and unemployed, underscoring the urgent need for comprehensive reforms to ensure equitable access to social support.

Efforts to address broader social welfare concerns through initiatives like the development of social maps and the implementation of a social card demonstrate a commitment to systemic improvement. These initiatives aim to streamline access to social benefits, enhance transparency, and optimize service delivery. However, they face significant challenges, including data inadequacy, bureaucratic hurdles, and technical complexities. While the objectives are ambitious, achieving them will require extensive collaboration, digital transformation, and legislative reforms to build a more inclusive and efficient welfare system that effectively meets the diverse needs of Bosnia and Herzegovina's population.

TABLE 113: STEPS WITHIN THE REFORM 3.3.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
3.3.1.1.	Action plan for country-wide harmonisation and strengthening of parental leave in place, in accordance with competences	Federal Ministry of Labor and Social Policy, cantonal responsible ministries and, Ministry of Labour, War Veterans and Disabled Persons' Protection of Republic of Srpska	(December 2025)
3.3.1.2.	Adopt pending legislation and regulation to implement social card	Federal Ministry of Labor and Social Policy, cantonal responsible ministries and the Ministry of Health and Social Protection of Republika Srpska	(December 2025)
3.3.1.3.	100% of the beneficiaries of social transfers covered by the social card to ensure targeting of social benefits in line with needs	Federal Ministry of Labor and Social Policy, cantonal responsible ministries and the Ministry of Health and Social Protection of Republika Srpska	(June 2027)

STEP 3.3.1.1 Action plan for country-wide harmonisation and strengthening of parental leave in place, in accordance with competences

Statistics show that approximately 32-35,000 mothers each year need to claim maternity benefits in Bosnia and Herzegovina (BiH). A large number of these women fail to claim this right due to budgetary constraints. The issue of protecting families with children, including the rights of mothers on maternity leave, falls under the jurisdiction of the entities and cantons (in FBiH), and there is no unified regulation in BIH that addresses this issue. In the Federation of BIH, this matter is governed by the Labor Law of FBiH and the Law on the Basics of Social Protection, Protection of Civilian Victims of War, and Protection of Families with Children of FBiH, and the Law on Material Support to Families with Children in the Federation of Bosnia and Herzegovina (Official Gazette of the Federation of BiH, No. 52/22). The Law on Material Support to Families with Children in the Federation of Bosnia and Herzegovina regulates the basis for material support to families with children, establishes basic material rights to support families with children, defines the procedure, conditions, and manner of exercising these rights, financing of material support to families with children, supervision, and other issues relevant to the provision of material support to families with children in the Federation of BiH. This law also regulates the right to maternity benefits for unemployed mothers in the amount of 55% of the average salary in the Federation of Bosnia and Herzegovina, in accordance with the provisions of the Labor Law. Furthermore, according to cantonal regulations, these benefits can be higher than those prescribed federally, thereby for the first-time regulating family and child protection issues in the Federation of BiH. It is also noted that most cantons have harmonized their regulations with the federal ones, and in certain aspects have provided additional rights to beneficiaries compared

to those prescribed by the law. This leads to a very uneven distribution of maternity benefits, while amount varies. Unemployed mothers are particularly affected by this situation, as their access to this right is limited, depending on the economic power of the canton.

In Republika Srpska, maternity benefits are governed by labor, social welfare, and child protection laws, alongside regulations on realizing rights from child protection. A special fund is established under child protection law, granting employers the ability to access funds for compensating mothers on maternity leave. According to labor law, women on maternity leave are entitled to compensation equivalent to their average salary from the previous three months, with adjustments made monthly based on average salary increases in RS. Maternity leave spans 12 months continuously, or 18 months for twins, every third, and subsequent child. The compensation cannot fall below 50% of the average salary or below what the woman would have earned if she were working. The employer makes the payment of compensation, and the Fund for Child Protection reimburses the funds for 11 or 17 months.

Unemployed mothers in Republika Srpska have the right to a maternity allowance. The maternity allowance is a right defined by the Law on Child Protection and is not related to the number of children born. The government determines 58% of the minimum wage for the previous year through its decision. In the Brčko District, employed mothers are entitled to maternity benefits regulated by labor and health insurance laws, ensuring 80% compensation based on the mother's average salary over the last three months. Additionally, there's a maternal supplement for non-employed mothers, paid for three months and totaling 15% of the average salary in the Brčko District.

Overall, maternal rights and benefits in Bosnia and Herzegovina demonstrate significant disparities, particularly in the Federation of BiH, where inconsistencies exist in the payment and amounts of maternity benefits across different cantons. Unemployed mothers face substantial challenges in accessing benefits, often contingent on the financial capacity of regional authorities. Despite legal frameworks in place, experiences indicate that many women, both employed and unemployed, struggle to receive their entitled maternity benefits, highlighting systemic issues within the current welfare system.

TABLE 114: ACTIVITIES WITHIN STEP 3.3.1.1.

Activity Code	Activity title	Responsibility	Source of verification
3.3.1.1.1.	Canton-Level Assessment	Federal Ministry of Labor and Social Policy and responsible cantonal ministries.	Assessment report finalized: Conducted a detailed assessment of existing parental leave policies in each canton, including entitlements, duration, eligibility criteria, and benefits. Identified disparities, inconsistencies, and areas of overlap between cantonal policies.
3.3.1.1.2.	Stakeholder Collaboration (cross-cantonal working group)	Federal Ministry of Labor and Social Policy and responsible cantonal ministries.	Decision on establishment Working group established and functional: Engaged with representatives from each canton, including government officials, employers' associations, trade unions, and advocacy groups. Established a cross-cantonal working group or committee to facilitate dialogue, share best practices, and coordinate efforts towards harmonization.
3.3.1.1.3.	Defining common principle and standards	Federal Ministry of Labor and Social Policy and responsible cantonal ministries.	Annual work report and workplan Identified common principles and standards that could serve as a basis for harmonizing parental leave policies across all cantons.
3.3.1.1.4.	Defining the model	Federal Ministry of Labor and Social Policy and responsible cantonal ministries.	Annual work report and workplan Developed a framework agreement or memorandum of understanding outlining shared objectives, commitments, and timelines for harmonization. Reconciled differences and reached consensus on key aspects of parental leave policy, such as duration, benefits, and eligibility criteria. Encouraged flexibility and compromise to accommodate diverse regional

			preferences and priorities while striving for consistency and equity.
3.3.1.1.6.	Legislative Reform at cantonal level	Federal Ministry of Labor and Social Policy and responsible cantonal ministries.	Annual work report and cantonal official gazette Adopted changes of cantonal laws: cantonal levels to enact harmonized parental leave policies that reflect the agreed-upon framework.
3.3.1.1.7.	Public Awareness and Education	Federal Ministry of Labor and Social Policy and responsible cantonal ministries.	
3.3.1.1.8.	Monitoring and Enforcement (Establish mechanisms for monitoring and enforcing compliance with harmonized parental leave policies, including reporting requirements, grievance procedures, and penalties for non-compliance. Develop monitoring indicators and data collection tools to track the implementation and impact of harmonized parental leave policies over time.)	Federal Ministry of Labor and Social Policy and responsible cantonal ministries.	Annual work report and workplan Launched a public awareness campaign to inform residents of each canton about the benefits of harmonized parental leave policies and the process of implementation. Provided educational materials, workshops, and seminars to employers, HR professionals, and employees to ensure understanding and compliance with the new policies.
3.3.1.1.9.	Evaluation and Adjustment	Federal Ministry of Labor and Social Policy and responsible cantonal ministries.	Annual work report and workplan Conducted regular evaluations of the harmonization process to assess progress, identify challenges, and make necessary adjustments to the implementation strategy. Solicited feedback from stakeholders and residents of each canton to ensure that harmonized parental leave policies meet the needs and expectations of diverse communities.
3.3.1.1.10.	Establish inter-entity group	Federal Ministry of Labor and Social Policy. Ministry of Labor, Veterans, and Disabled Protection of Republika Srpska.	Decision on establishment

STEP 3.3.1.2 Adopt pending legislation and regulation to implement social card

To fully grasp the scope of social welfare issues, understanding the number and structure of beneficiaries is crucial. The decrease in both minor and adult beneficiaries of social welfare suggests evolving strategies in social protection and welfare management in Bosnia and Herzegovina. It is crucial to understand the demographic situation, as well as. Efforts to streamline services and tailor support to specific demographic groups appear to have influenced these trends. As policymakers navigate these changes, the focus remains on ensuring equitable access to social welfare resources while addressing the diverse needs of beneficiaries across different age groups and socioeconomic backgrounds. In 2022, the number of minor beneficiaries of social welfare/protection in Bosnia and Herzegovina totaled 107,850, marking a decrease from 127,682 reported in 2017. This decline reflects efforts and changes in social policies aimed at addressing the needs of vulnerable youth. Meanwhile, adult beneficiaries of social welfare/protection, categorized by gender, numbered 402,186 in 2022, down from 413,890 in 2017. These figures underscore the dynamic nature of social welfare support systems, which adapt to economic conditions and demographic shifts over time (Agencija za statistiku Bosne i Hercegovine. 2023. Social Welfare 2017-2022. Sarajevo: Agencija za statistiku Bosne i Hercegovine. Available at: https://bhas.gov.ba/data/Publikacije/Bilteni/2023/SOC_00_2022_TB_1_BS.pdf).

The “Social Card” project represents the construction of a socio-economic map of the social protection beneficiaries started in Republika Srpska. It encompasses over 90 rights defined in 15 laws that citizens can access at more than 400 locations across Srpska. The project covers all rights and institutions, while leadership is on the Ministry of Health and Social Protection of Republika Srpska and the Ministry of Finance. The preparatory phase has been completed, identifying the rights, institutions, and electronic records maintained by these institutions, along with assessing the technical and regulatory aspects of these electronic records. Additionally, a social map database has been created consolidating data

from electronic records, and a simulation of the social card registry has been conducted, alongside a qualitative analysis of data from all records. In the first phase, a public procurement process is planned to create the social map registry (in Republika Srpska Register based on the Law on Unified Regulation of the Right to Cash Benefits), along with the enactment of laws on the social map and electronic governance. This phase also involves the identification and optimization of all administrative procedures conducted by institutions managing these rights, as well as the redesign of the eSrpska portal through which citizens will access the registry. The second phase involves upgrading the existing registry to further enhance its capabilities.

TABLE 115: ACTIVITIES WITHIN STEP 3.3.1.2.

Activity Code	Activity title	Responsibility	Source of verification
3.3.1.2.1.	Stakeholder Engagement and Coordination	Federal Ministry of Labor and Social Policy, responsible cantonal ministries Ministry of Health and Social Protection of Republika Srpska	Annual work report and workplan Established a dedicated working group comprising representatives from the ministries, relevant government agencies, local governments, civil society organizations, and technical experts. Held regular meetings to foster collaboration, share information, and ensure alignment of objectives among stakeholders.
3.3.1.2.2.	Assess Legal and Regulatory Framework	Federal Ministry of Labor and Social Policy, responsible cantonal ministries Ministry of Health and Social Protection of Republika Srpska	Annual work report and workplan Conducted a situational analysis of social protection and analyzed the legislative framework. Conducted a comprehensive review of existing laws and regulations related to social protection, electronic governance, and data privacy. Drafted and finalized legislation, including a law on the social card and electronic governance, to provide a clear legal framework for the project. Ensured that the legal framework aligned with the entity's priorities, respected data privacy rights, and facilitated interoperability with existing systems.
3.3.1.2.3.	Define content and model of the social card and in parallel the draft law	Federal Ministry of Labor and Social Policy, responsible cantonal ministries Ministry of Health and Social Protection of Republika Srpska	Annual work report and workplan Model defined
3.3.1.2.4.	Adoption of a new law on the social card of the FBiH and RS	Federal Ministry of Labor and Social Policy, responsible cantonal ministries Ministry of Health and Social Protection of Republika Srpska	Official Gazette Law adopted
3.3.1.2.5.	Adoption of a new law on the electronic governance of the FBiH and RS		Official Gazette Law adopted
3.3.1.2.6.	Developing the social card registry	Federal Ministry of Labor and Social Policy, responsible cantonal ministries Ministry of Health and Social Protection of Republika Srpska	Official Gazette The entire administration, from municipalities and local offices to the entity Government, needed to be digitized and integrated into one system. This involved digital transformation and data integration. Investments were made in upgrading digital infrastructure and technologies to support the development and implementation of the social card project. Existing databases and systems within the selected responsible ministries, local governments, and other relevant institutions were integrated to create a unified platform for managing social benefits and services. Protocols and standards for data sharing,

			security, and privacy were developed to protect sensitive information while enabling efficient service delivery.
3.3.1.2.7.	Needs Assessment and System Design	Federal Ministry of Labor and Social Policy, responsible cantonal ministries Ministry of Health and Social Protection of Republika Srpska	Annual work report for 2026 and workplan Conducted a thorough needs assessment to identify gaps, inefficiencies, and user requirements within the current social protection systems. Designed user-friendly interfaces and workflows for employees of the social protection system and services through the social card system data base. (December 2026)

The Government of Republika Srpska, at its 7th session (February 10, 2023), has adopted an Information on initiating the project for developing the Social Card of Republika Srpska. The project aims to establish a unified information system - a registry containing data on the socio-economic status of beneficiaries of social protection rights and services.

Through the development of this information system - the Social Card registry, and the enactment of the Social Card Law, the goal is to create a database of socio-economic status for individuals and their associated persons. This includes consolidating, managing, and safeguarding data, as well as facilitating notifications with other information systems. The objective is to establish a unified record in social protection, enhancing the efficiency and effectiveness of social welfare based on comprehensive socio-economic data.

The project is structured into three phases: an analysis phase of current conditions relevant to the Social Card's development, drafting technical solutions, establishing an interoperable information system for the Social Card, and automating administrative procedures within the system. Concurrently, the drafting of the Social Card Law is planned during the second phase.

The government has tasked the Ministries of Health and Social Welfare, Labor, and Veterans' Affairs to identify all relevant authorities managing administrative procedures or possessing data essential for the Social Card. Additionally, the Agency for Information and Communication Technologies of Republika Srpska, in collaboration with relevant bodies, will oversee and implement the establishment of the interoperable information system for the Social Card..

Prime Minister Radovan Višković announced in March 2024 that legislative regulations in this area would be finalized within the year, estimating that several years are required for the full implementation of the Social Card. He noted the cost estimate of approximately half a million KM for this phase, comparing it with Serbia's expenditure of around five million KM for implementing its own social card.

The development of social card activities aims to create social maps in the Federation of BiH, serving as a registry for users of social services and benefits, providing a comprehensive overview of individuals and groups in genuine social need. By establishing these social maps, the government intends to obtain a clear understanding of household incomes and family situations, enabling more purposeful planning of governmental programs in employment, social support, and protection.

The initiative represents one of the most demanding and ambitious projects undertaken by the Federation of BiH government during its term, emphasizing its significance in addressing societal welfare issues. The realization of the project involves collaboration with the World Bank, with discussions focused on the model and key elements of the social maps, alongside challenges such as data inadequacy and reliability. Topics include the necessity for digitalization, interlinking existing databases within the Federal Ministry of Labor and Social Policy, and coordinating with other institutions possessing relevant data.

On April 26, 2024, representatives of the World Bank presented a preliminary analysis of the social protection system to the Federal Minister of Labor and Social Policy, as part of the preparations for the development of the social card of the Federation of Bosnia and Herzegovina. The analysis conducted by the World Bank revealed that the current systems of social protection are not sufficiently efficient.

Plans include not only technical aspects but also changes in the existing legislative framework and the adoption of a new law on the social card of the FBiH. This analysis proposed digital transformation to improve user experience in accessing social protection programs and increase transparency and accuracy of service delivery.

When it comes to a special working group, the Government of the Federation of Bosnia and Herzegovina (activity 3.3.1.2.3.), at its 11th session held on August 24, 2023, issued a decision appointing members of the Ministerial Coordination Body for Social Policy in the Federation of Bosnia and Herzegovina, V. number 1094/2023 dated September 24, 2023. The task of this body is to exchange opinions and ideas on strategically important directions in the field of social protection, areas of joint action, improvement of the social protection system, and various other topics through regular meetings. The aim is to strengthen the social support and protection sector, as well as to harmonize social benefits throughout the entire Federation of Bosnia and Herzegovina. Regarding the body in the domain of action related to social and child protection in the implementation of the Law on Material Support to Families with Children in the Federation of Bosnia and Herzegovina, the Coordination Body for Social and Child Protection in the Federation of Bosnia and Herzegovina has been established. This body was appointed by the decision of the federal minister of labor and social policy, number: 05-02/1-2230/22 dated October 25, 2022.

Regarding the activity 3.3.1.2.2., concerning the development of a social map aimed at establishing a kind of social card of the Federation of Bosnia and Herzegovina, including the creation of an integrated registry of users of social services and benefits, it will enable the overview of individuals and groups in social need. Establishing a social map intends to provide clear insights into household incomes and family situations, enabling more effective planning of social support programs.

STEP 3.3.1.3 100% of the beneficiaries of social transfers covered by the social card to ensure targeting of social benefits in line with needs

The implementation of the social card system faces formidable obstacles. Key challenges include inadequate data infrastructure, bureaucratic complexities in integrating diverse social benefits, and technical hurdles in ensuring secure and efficient management of personal information.

Addressing these issues demands substantial investments in technology upgrades, capacity-building, and legislative reforms to establish a cohesive framework that enhances accessibility and transparency. Moreover, achieving full coverage of social transfer beneficiaries under the social card system by 2027 necessitates overcoming logistical and administrative barriers. Ensuring seamless integration across diverse welfare programs and aligning eligibility criteria with varying socio-economic needs pose considerable implementation challenges. This requires meticulous planning, robust stakeholder engagement, and effective governance to navigate regulatory complexities and ensure equitable distribution of social benefits.

Addressing these disparities is critical to reducing socio-economic inequalities and necessitates a unified regulatory framework to guarantee equitable access to social support across the country. Additionally, the current state of Bosnia and Herzegovina's social protection system underscores the need for concerted efforts to streamline regulations, enhance data systems, and improve service delivery mechanisms. By implementing comprehensive reforms, Bosnia and Herzegovina aims to fulfill international commitments, reduce socio-economic disparities, and ensure fair and equitable access to social benefits for all citizens. These reforms are essential for creating a more efficient, transparent, and inclusive social welfare system.

A situational analysis of social protection conducted by the World Bank identified, among other things, that child benefits cover only 10.3 percent of the poorest fifth of the population, and there are shortcomings in accessing rights related to abuse and various other inefficiencies within the system. In Republika Srpska, the right to child allowance is granted to beneficiaries who meet the conditions regarding the income census of family members; this does not mean that they are the poorest, as they may possess significant capital. Furthermore, the analysis of the legislative framework, within this situational analysis, revealed that the Law on Unified Principles within the framework of material support for persons with disabilities did not invalidate the Law on the Unified Regulation of the Right to Cash Benefits of Individuals in the Federation of Bosnia and Herzegovina, which falls under the jurisdiction of the Ministry of Finance and served as a precursor to this Law on Unified Principles.

TABLE 116: ACTIVITIES WITHIN STEP 3.3.1.3.

Activity Code	Activity title	Responsibility	Source of verification
3.3.1.3.1.	Pilot Implementation and Evaluation	Federal Ministry of Labor and Social Policy, responsible cantonal ministries and the	Annual report of the line Ministry

		Ministry of Health and Social Protection of Republika Srpska	<p>Launched pilot projects in selected municipalities and cantons to test the functionality, usability, and effectiveness of the social card platform.</p> <p>Gathered feedback from users, service providers, and administrators to identify strengths, weaknesses, and areas for improvement.</p> <p>Evaluated the pilot's impact on reducing errors, improving targeting, enhancing cost-effectiveness, and streamlining service delivery processes.</p> <p>(June 2027)</p>
3.3.1.3.2.	Scaling Up and Expansion	Federal Ministry of Labor and Social Policy, responsible cantonal ministries and the Ministry of Health and Social Protection of Republika Srpska	<p>Annual report and plan of the line Ministry</p> <p>Scaled up the social card project gradually, expanding coverage to additional municipalities and target populations based on the lessons learned from the pilot phase.</p> <p>Developed a phased implementation plan to ensure smooth scalability and minimize disruptions to service delivery. Mobilized resources and expertise for scaling up the project.</p>
3.3.1.3.3.	Public Awareness and Capacity Building	Federal Ministry of Labor and Social Policy, responsible cantonal ministries and the Ministry of Health and Social Protection of Republika Srpska	<p>Annual report and plan of the line Ministry</p> <p>Launched public awareness campaigns to educate citizens about the benefits and procedures of the social card system and how to access social services and benefits.</p> <p>Provided training and capacity-building programs for government officials, frontline workers, and community leaders to enhance their skills in using and administering the social card platform.</p>

The challenge in improving the management of social protection rights across a landscape where citizens currently navigate 90 distinct rights spread across more than 400 locations governed by 15 laws (in Republika Srpska). Central to this challenge is addressing the potential duplication of social benefits and the bureaucratic complexity that often results in exclusion errors, where eligible individuals are unable to access their entitled benefits. To address these issues, the first phase of the initiative focuses on piloting a social card registry over a six-month period. However, successful implementation hinges on enacting legislation for the social card and electronic governance, essential for digitizing and integrating administrative processes from local municipalities to the central government. This integration aims to centralize population data, facilitate automated updates to citizens' statuses, and streamline the distribution of social assistance.

The overarching goal of this initiative is to minimize administrative errors, increase cost-effectiveness, enhance targeting of services based on genuine needs, and simplify access to social benefits. Beyond the initial phase, additional digital transformation efforts include harmonizing and optimizing social benefits, reducing errors in eligibility assessments, expanding options for submitting requests and documents, and improving collaboration among various administrative bodies. The phased rollout of the social card involves upgrading current systems and introducing a new operational framework designed for efficient administration and equitable distribution of social benefits, with completion targeted by late 2026 or early 2027.

Despite these efforts, potential resistance may arise from users accustomed to the current system of accessing multiple benefits. Concerns may center around disruptions or uncertainties in benefit distribution under the new social card system. Overcoming resistance entails clear communication about the benefits of the social card, such as improved efficiency, reduced paperwork, and enhanced accuracy in benefit allocation. Equally crucial is providing robust support during the transition, including comprehensive training and guidance on navigating the new system, to mitigate concerns and cultivate positive user engagement.

4 POLICY AREA 4: FUNDAMENTALS

COMPONENT 4.1. DEMOCRACY

REFORM 4.1.1. COORDINATION IN THE EU MATTERS AND DEMOCRATIC INSTITUTIONS

For the European integration process in Bosnia and Herzegovina it is of critical importance to have effective European integration capacities at all levels of government, in line with their respective competencies, as well as to ensure their effective cooperation and coordination in line with the provisions of the Decision on the System of Coordination in the Process of European integration in Bosnia and Herzegovina (Official Gazette 72/16) as amended in 2018 (OG, 35/18).

The functioning of the mechanism needs to be strengthened and improved in the light of lessons learned from the preparation of the answers to the Commission’s questionnaire and on the basis of the experience of functioning so far, in order to make full, efficient and effective use of all the bodies of the coordination mechanism to allow BiH to speak with one voice to the European institutions in a quick manner. A clear distribution of competences and enhanced cooperation between different levels of government will be essential for the successful management of the next stages of EU integration as indicated in European Commission’s Key Priority 4 (a).

After the European Council decision on 21 March 2024 to open negotiations with BiH and inviting the Commission “to prepare the negotiating framework with a view of its adoption by the Council the moment all relevant steps set out in the Commission’s recommendation of 12 October 2022 are taken”, BiH is entering new phase in its relation with EU.

Following the adoption of the related methodology, as an Opinion key priority and an obligation under the SAA (Article 70), BiH should develop and adopt a National Plan for the Adoption of the EU Acquis (NPAA). The NPAA needs to reflect the role of the different levels of government based on their respective legislative competences, covering the full EU Acquis, the respective competences for its implementation, the required funding allocation and sources, and administrative capacities. The Directorate for European Integration has finalised the programme for EU integration and submitted it to the European Commission in early March for comments. The programme for EU integration is expected to be later adopted by the Council of Ministers. This programme for EU integration is a key step towards developing and adopting the National Programme for the Adoption of the EU Acquis (NPAA).

TABLE 117: STEPS WITHIN REFORM 4.1.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
4.1.1.1	Joint bodies under the SAA functions properly, with efficient working methods, with a single efficient and effective entry point for coordination on EU integration	DEI, CoMBIH, Governments of all levels (incl. MEIMS RS, OEI FBiH)	December 2024
4.1.1.2.	Improve the functioning of the EU coordination mechanism within the country notably by strengthening the quality assurance process , in view of preparation for the accession negotiations	DEI, CoMBIH, Governments of all levels (incl. MEIMS RS, OEI FBiH)	December 2024

4.1.1.3.	Adopt the Program for Alignment with the Acquis ('NPAA') in line with SAA requirements, notably covering the full EU Acquis, the respective competences for its implementation, the required funding allocation and sources, and administrative capacities.	DEI, CoMBIH, Governments of all levels (incl. MEIMS RS, OEI FBiH)	June 2025
----------	---	---	-----------

STEP 4.1.1.1 Joint bodies under the SAA functions properly, with efficient working methods, with a single efficient and effective entry point for coordination on EU integration

In order to further improve functionality of Joint bodies under the SAA activities will be undertaken to analyse existing practices and working methods with aim to identify actionable recommendations for further improvements. Based on recommendations plan/roadmap for improvements will be drafted. In particular this step will be referring to the letter from NEAR ADG Popowski to then CoM Chair Tegeltija of May 2022, which detailing specific recommendations (appointment of the members of the standing delegation of BiH for the SA bodies; preparation and submission of BiH Discussion papers for the meetings of the SA bodies; Adjustements to the Rule of Procedures for the SAA bodies).

TABLE 118: ACTIVITIES WITHIN STEP 4.1.1.1.

Activity Code	Activity title	Responsibility	Source of verification
4.1.1.1.1.	Drafting analysis on functioning of Joint bodies under the SAA	DEI, MEIMS RS, OEI FBiH	Analysis on functioning of Joint bodies under the SAA
4.1.1.1.2.	Taking action on the basis of the results of the analysis	CoMBIH, Government all levels	Plan/Road map based on recommendations..

STEP 4.1.1.2 Improve the functioning of the EU coordination mechanism within the country notably by strengthening the quality assurance process, in view of preparation for the accession negotiations

Ensuring the full functionality of the coordination mechanism is essential for the continuation of the EU integration process in light of the start of negotiations. In this sense, the functional review will serve to identify possible improvements.

TABLE 119: ACTIVITIES WITHIN STEP 4.1.1.2.

Activity Code	Activity title	Responsibility	Source of verification
4.1.1.2.1.	Functional review of the coordination mechanism with actionable recommendations	DEI, MEIMS RS, OEI FBiH	Functional review of the coordination mechanism with actionable recommendation
4.1.1.2.2.	Taking action on the basis of the results and recommendation of the Functional review	CoMBIH, Governments of all levels	Plan/ Road map based on recommendations.
4.1.1.2.3.	Improvement of the regulatory framework	CoMBIH, and Governments of all levels as necessary	Official gazette.

STEP 4.1.1.3 Adopt the Program for Alignment with the Acquis ('NPAA') in line with SAA requirements, notably covering the full EU Acquis, the respective competences for its implementation, the required funding allocation and sources, and administrative capacities.

Procedure of the adoption of NPAA will be concluded in order to ensure that the full *EU Acquis* is covered, with identified respective competences for its implementation and required funding allocation and sources including administrative capacities. The Directorate for European Integration has finalised the programme for EU integration and submitted it to the European Commission in early March for comments. In the next phase BiH will address EC comments provided to DEI that clarify the direction and substance of changes needed.

TABLE 120: ACTIVITIES WITHIN STEP 4.1.1.3.

Activity Code	Activity title	Responsibility	Source of verification
4.1.1.3.1.	Drafting NPAA (including addressing comments from EU commission)	DEI	Draft NPAA
4.1.1.3.2.	NPAA Adopted	CoMBiH, Government all levels	Decision published in official gazette.

COMPONENT 4.2. JUDICIARY

REFORM 4.2.1. FUNCTIONING OF THE JUDICIARY

The main goal of this reform refers to strengthening the independence and integrity of the judicial system of BiH.

Bosnia and Herzegovina has some level of preparation to implement EU Acquis and European standards in the area of judiciary, according to EC commission report 2023. Some progress was made in this area. In September 2023, Bosnia and Herzegovina amended the Law on the High Judicial and Prosecutorial Council (HJPC) with the aim of establishing a system to verify the asset declarations of judges, prosecutors and HJPC members. The law also stipulates that within one year from the date of entry into force of this law, the Parliamentary Assembly of Bosnia and Herzegovina will pass the Law on the High Judicial and Prosecutorial Council, which will be harmonized with EU standards, as provided for in the Opinion of the European Commission on to Bosnia and Herzegovina's request for membership in the European Union. The application of the amendments to the law was prolonged at the initiative of the HJPC, given that an integrity department could not be established due to the fact that adequate budget funds were not planned, and that the recruitment procedures for the department could not be implemented in the short term provided for by the initial amendments to the law.

The primary short-term goal remains the implementation of integrity – related amendments to the HJPC in terms of the establishment of an integrity department and its full functionality. In parallel, intensive work on the preparation and adoption of the new law will be a key priority. The new Law on the HJPC will be drafted with aim to better regulate the appointment, appraisal and disciplinary procedures of members of the judiciary, to ensure integrity mechanisms and provide appropriate legal remedies against final decisions of the HJPC.

Another important activity within this reform is related to adoption of the Law on the Court of Bosnia and Herzegovina with a primarily aim to clarify the conditions for the exercise of jurisdiction by the Court of BiH, prevent conflicts of jurisdiction and ensure the required legal certainty in criminal matters. The text of the new law has been prepared and the procedure for its adoption will be completed in the following period. Further efforts will be made to improve the functioning of the judiciary, in particular as regards efficiency by reforming the enforcement procedure laws to relieve the courts of the burden of uncontested civil and commercial claims, or claims that could be resolved in more cost-effective methods out of the legal process.

TABLE 121: STEPS WITHIN REFORM 4.2.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
4.2.1.1	Ensure that the asset declarations of judicial office holders are verified effectively by implementing the integrity-related	HJPC, MoJ, MoFT	December 2024

	amendments to the Law on the High Judicial and Prosecutorial Council (HJPC)		
4.2.1.2.	The transfer of the positions of the HJPC ICT department from project funding to the state budget is complete	HJPC, MoFT, MoJ	December 2024
4.2.1.3.	A functioning judicial appellate body is in place at the state level following adoption and implementation of a new Law on the Court of BiH	MoJ BiH, Parliamentary Assembly, HJPC	June 2025
4.2.1.4.	A new comprehensive Law on the HJPC in line with European standards is adopted following consultations with practitioners and civil society, and taking into account monitoring results of HJPC integrity amendments; and it is implemented to ensure, among others, an independent judicial disciplinary regime, a performance appraisal system that is based on qualitative criteria, and merit-based appointments	BiH CoM, Parliament Assembly BiH	June 2025
4.2.1.5	The backlog in civil cases concerning utility bills is reduced by 20% and for other civil cases by 10% (baseline HJPC Report 2023 data)	SAIs, HJPC, Courts	June 2026
4.2.1.6	The backlog in civil cases concerning utility bills is reduced by 50% and for other civil cases by 20% (baseline HJPC Report 2023 data)	HJPC, Courts	December 2027

STEP 4.2.1.1 Ensure that the asset declarations of judicial office holders are verified effectively by implementing the integrity-related amendments to the Law on the High Judicial and Prosecutorial Council (HJPC)

In order to further improve and strengthen accountability of judicial office holders it will be ensured consistent implementation of integrity related amendments to the Law on the High Judicial and Prosecutorial Council (HJPC). As crucial step in that regard will be to ensure functionality of the HJPC Integrity department.

As a prerequisite for the implementation of integrity-related amendments, priority will be given to the provision of adequate budget funds and the employment of personnel in the integrity department of HJPC. Consistent and complete implementation of the provisions of the amendments to the law concerning integrity implies the submission of asset declarations by holders of judicial functions (at the beginning of the mandate and the annual report), their verification and public disclosure, and disciplinary proceedings in accordance with the law in the case of established irregularities. For the purpose of monitoring of the work of the Department in connection with the collection, verification and disclosure of asset declarations, as well as monitoring the overall functioning of the Department, and monitoring disciplinary procedures initiated based on the results of the report verification, the HJPC will hire experts who have an advisory role.

TABLE 122: ACTIVITIES WITHIN STEP 4.2.1.1.

Activity Code	Activity title	Responsibility	Source of verification
4.2.1.1.1.	Integrity Department of HJPC established and functional	HJPC, MoJ, MoFT	HJPC Report
4.2.1.1.2.	Asset declaration of judicial office holders are verified effectively and decisions are transparent	HJPC – Integrity Department	HJPC Report

STEP 4.2.1.2 The transfer of the positions of the HJPC ICT department from project funding to the state budget is complete

According to the instructions given by the then Director of DG NEAR in a letter dated 19 January 2021, concerning the Project staff transition process to the state budget, HJPC adopted the **realistic** project positions transition plan and had intensive and constant communication with the CoM and donor community to implement the transition of positions to the state budget. As a precondition, HJPC adopted the Rulebook on Systematization, amending it to include these additional positions. According to the initial Transition plan, 15 positions were to be transferred to the state budget in 2024, 15 positions in 2025 and 8 positions in 2026. Almost half of these positions are foreseen for the ICT department, while the rest is split between the Court efficiency department, Prosecutors efficiency department, Appointments and promotion department, as well as some supporting staff.

TABLE 123: ACTIVITIES WITHIN STEP 4.2.1.2.

Activity Code	Activity title	Responsibility	Source of verification
4.2.1.2.1.	Budget funding secured and employment procedures implemented	HJPC, MoFT, MoJ	HJPC Report
4.2.1.2.2.	HJPC ICT Department fully operative	HJPC	HJPC Report.

STEP 4.2.1.3 A functioning judicial appellate body is in place at the state level following adoption and implementation of a new Law on the Court of BiH

In order to further strengthen the rule of law and legal certainty, the Law on Court will be adopted and an appellate body will be established, budget funds will be provided and appointment procedures will be implemented. The main goal of this step is the formation of an appellate body in order to ensure the independence of appeal procedures at the new appellate body. This step will result in the commencement of the work of the appellate body, i.e. proceedings before this body in accordance with the law.

TABLE 124: ACTIVITIES WITHIN STEP 4.2.1.3.

Activity Code	Activity title	Responsibility	Source of verification
4.2.1.3.1.	Law on Court Adopted in line with European standards	MoJ BiH, Parliamentary Assembly	Official Gazette
4.2.1.3.2.	Secured budgetary funds, regulated status of employees and appropriate premises and material resources	MoJ BiH, Parliamentary Assembly, HJPC	HJPC Report

STEP 4.2.1.4 A new comprehensive Law on the HJPC in line with European standards is adopted following consultations with practitioners and civil society, and taking into account monitoring results of HJPC integrity amendments; and it is implemented to ensure, among others, an independent judicial disciplinary regime, a performance appraisal system that is based on qualitative criteria, and merit-based appointments

A key step in judicial reform is the adoption of a new comprehensive Law on the HJPC in line with European standards following wide consultations with practitioners and civil society while taking into account Venice Commission opinion with aim to ensure *inter alia* merit-based appointments, a performance appraisal system based on qualitative criteria. When adopting the law, special attention will be paid to the results of monitoring the implementation of changes in the law concerning integrity.

The overall implementation of this step includes the establishment of all bodies provided for by the law, then starting the application of procedures for appointing judges and prosecutors in accordance with the provisions of the law.

TABLE 125: ACTIVITIES WITHIN STEP 4.2.1.4.

Activity Code	Activity title	Responsibility	Source of verification
4.2.1.4.1.	Drafted Law on the HJPC by Working Group in line with Venice Commission Opinion	Working Group,	Draft Law
4.2.1.4.2.	Consultations with practitioners and CSOs	MoJ	Report on consultations
4.2.1.4.3.	Law adopted	Parliament Assembly BiH	Official gazette.

STEP 4.2.1.5 The backlog in civil cases concerning utility bills is reduced by 20% and for other civil cases by 10%

TABLE 126: ACTIVITIES WITHIN STEP 4.2.1.5.

Activity Code	Activity title	Responsibility	Source of verification
4.2.1.5.1.	Performance Audit of Courts in Civil Disputes	SAIs	Performance audit report
4.2.1.5.2.	Consultations and taking action on the basis of the results of the Performance Audit recommendation	HJPC, Courts	HJPC Report
4.2.1.5.3.	Road map for reducing civil cases (drafted)	HJPC	HJPC Report

STEP 4.2.1.6 The backlog in civil cases concerning utility bills is reduced by 50% and for other civil cases by 20%

TABLE 127: ACTIVITIES WITHIN STEP 4.2.1.6.

Activity Code	Activity title	Responsibility	Source of verification
4.2.1.6.1.	Implementation of the activities from the Road map	HJPC, Courts	HJPC Report

COMPONENT 4.3. FIGHT AGAINST CORRUPTION

REFORM 4.3.1. FIGHT AGAINST CORRUPTION

The main goal of this reform effort is to create legal prerequisites for the fight against corruption and ensure consistent implementation.

The devastating consequences of corruption can be detected in almost all aspects of political, social and economic life in BiH. The complexity of the corruption problem lies in the fact that without progress on its elimination it is not possible to make powerful strides in the implementation of any reform process. The importance of intensifying anti-corruption efforts can not be overemphasized. Therefore, intensifying anti-corruption efforts will include wide range of targeted actions aimed at strengthening legal and institutional frameworks. Reforms associated with fighting corruption are key in the EU accession process and would foster greater public participation and improved social cohesion. Strengthening legal and institutional frameworks will be a priority, followed by efficient implementation and improved capacities.

As one of the priorities in the fight against corruption, activities will be undertaken to adopt a new legal framework for the protection of whistleblowers in line with the EU Acquis. In order to ensure consistent and complete protection of whistleblowers, harmonization of the legal framework for whistleblower protection at all levels will be ensured.

While all civil service laws regulate merit-based recruitment, promotion and demotion procedures, the merit principle is not fully enshrined in the laws and procedures and safeguarded in practise. In order to ensure the primacy of the merit principle relevant legislation will be revised to improve quality of examination and recruitment procedures at all levels.

With the adoption of the law on conflict of interest at the state level, the first step was taken in establishing a robust legal framework aligned with international standards for preventing conflicts of interest. In the following period, the focus will be on the establishment of a commission for the prevention of conflicts of interest and the consistent and complete implementation of the law. To step up anti-corruption efforts, new legislation needs to be adopted at all levels on the declaration of assets and conflict of interests in line with international standards, in particular relevant GRECO recommendations.

Public procurement reforms are crucial to strengthen anti-corruption safeguards throughout the entire procurement cycle. These reforms play a key role in ensuring good governance and transparency in government operations. BiH adopted new Strategy on Public Procurement 2024 with General goal: "The system of public procurement in BiH is a modern, transparent, competitive and efficient system, which is harmonized with the EU legal order". The strategy foresees adoption of a new law on Public procurement in line with EU Acquis. As far as concessions are concerned, highly

fragmented legal framework needs to be aligned with EU Acquis and harmonised to eliminate overlaps, inconsistencies and uncertainties. Similarly, legislative framework for public private partnership will be revised in order to reflect EU Acquis and international standards

Bosnia and Herzegovina will continue to further align its legislative framework in the area of competition with the relevant parts of the acquis. Within this reform, one of the important priorities will be focused on ensuring the effective functioning of the Competition Council. In addition, BiH will strengthen the administrative capacity of the State Aid Council and step up efforts to raise awareness about State aid rules at all levels.

Further efforts are needed to establish a track record of proactive investigations, prosecutions and final convictions for corruption, in particular in high-level cases resulting in major damage to public funds. In that regard, particular focus will be on strengthening cooperation among prosecutors, law enforcement agencies and supreme audit institutions.

In relation to corruption cases, including at high level, the most recent statistical data and the case tracking provided by the authorities through the Commission's track record e-platform (Organised Crime and Corruption Track Record platform, OCCTR) will be aggregated to assess that there is an overall increase across the number of investigations, prosecutions, and final judgements by the competent law enforcement and judicial institutions and authorities. The monitoring also applies to the number and the overall value of seizures, freezing and confiscation of the proceeds of crime, as well as an increase of parallel financial investigations. The targets will be checked against 2026 and 2027 annual values. The baseline will be the average performance from the previous three years.

TABLE 128: STEPS WITHIN REFORM 4.3.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
4.3.1.1	A state-level law on the protection of whistleblowers in line with the EU acquis is adopted, to which all other levels of government are then aligned.	MoJ BiH, Parliamentary Assembly BiH, Entity governments and parliaments	June 2025
4.3.1.2.	Align with merit principles and EU standards the state, BD BiH and entity-level laws on civil service recruitment, promotion and dismissals, to which cantonal level laws are adapted	MoJ (BiH, FBiH), RS MALSG and Parliaments BiH, F BiH, RS, BD BiH, Cantons	June 2025
4.3.1.3.	A functioning system is in place for the prevention and repression of conflict of interest , notably by aligning the legislative framework with European standards at all levels of government; by setting up an independent and professional Commission for the Conflict of Interest at the state level; and by setting up functioning and independent anticorruption bodies at the entity and cantonal levels	MoJ F BiH, RS and Parliaments F BiH and RS	December 2025
4.3.1.4	Respective legislation covering public procurement, concessions and public private partnerships is brought in line with EU Acquis, and the Public Procurement Review Bodies at the state and entities level adequately staffed in order to fulfil their mandate	Public Procurement Agency, MoJ, Parliamentary Assembly BiH, Entity and Cantonal MoJs and Parliaments	December 2025
4.3.1.5	Legislation on competition policy is implemented and harmonised with European standards	MoFTER BiH, Competition Council Parliamentary Assembly	June 2027
4.3.1.6	An increase in the number of investigations, confirmed indictments and convictions is demonstrated in cases of corruption, including at high level		June 2027

STEP 4.3.1.1 A state-level law on the protection of whistleblowers in line with the EU acquis is adopted, to which all other levels of government are then aligned.

As one of the priorities in the fight against corruption, activities will be undertaken to adopt a new legal framework for the protection of whistleblowers in line with the EU Acquis. In order to ensure consistent and complete protection of whistleblowers, harmonization of the legal framework for whistleblower protection at all levels will be ensured.¹⁴

TABLE 129: ACTIVITIES WITHIN STEP 4.3.1.1.

Activity Code	Activity title	Responsibility	Source of verification
4.3.1.1.1.	Ex-post Evaluation on existing state-level law and RS law on the protection of whistle-blowers drafted	MoJ BiH, MoJ RS	Ex-post evaluation report
4.3.1.1.2.	Based on Ex-post evaluation report (evaluation will include alignment with the EU acquis) Law on the protection of whistleblowers drafted and adopted	MoJ BiH, Parliamentary Assembly BiH	Official gazette.
4.3.1.1.3.	Entity laws harmonized with state laws drafted and adopted	Entity governments and parliaments	Official gazette.

STEP 4.3.1.2 Align with merit principles and EU standards the state and entity-level laws on civil service recruitment, promotion and dismissals, to which cantonal level laws are adapted to

A prerequisite for establishing a functional and accountable public administration requires enhancement of the recruitment and selection processes for civil service and PE positions by implementing measures to ensure that they are open, competitive, merit-based, and transparent, with tenures extended beyond political cycles. Making public servants less reliant on political connections reduces the risks of corruption and can lower procurement costs. Therefore improvement of the CSL and mutual harmonization in line with EU standards and SIGMA recommendation will be undertaken.

While all civil service laws regulate merit-based recruitment, promotion and demotion procedures, the merit principle is not fully enshrined in the laws and procedures and safeguarded in practice. Additionally, the 11 civil service laws regulate job descriptions, job positions and related remuneration very differently. In order to ensure the primacy of the merit principle relevant legislation will be revised in a harmonised way across all government levels to improve quality of examination, recruitment, promotion, performance and dismissal procedures at all levels. This would require that all 11 civil service laws are amended along common principles of merit and therefore, job positions, job descriptions and potential salary grid are unified across the civil service for a single and functional administrative space that allow to create a pool of human resources with common professional criteria. Such laws would need to be consulted with EU commission/SIGMA and agreed upon prior to adoption.

TABLE 130: ACTIVITIES WITHIN STEP 4.3.1.2.

Activity Code	Activity title	Responsibility	Source of verification
4.3.1.2.1.	Draft and adopt mutually harmonized amendments to CSL at state, BD BiH and entity level in line with EU Standards and SIGMA recommendation	MoJ (BiH, F BiH), RS MALSG and Parliaments BiH, F BiH, RS, BD BiH	Official gazette.
4.3.1.2.2.	Cantonal laws adapted and harmonized with FBiH law	Cantonal MoJ/Parliaments	Official gazette.

STEP 4.3.1.3 A functioning system is in place for the prevention and repression of conflict of interest, notably by aligning the legislative framework with European standards at all levels of government; by setting up an independent

¹⁴ A comprehensive whistleblower protection law was recently adopted with IPA support (implemented by the Regional Anti-Corruption Initiative) in the Sarajevo Canton. It will be ensured that the state-level law foresees a level of protection and compliance with EU acquis at least equal to the one in the Sarajevo Canton.

and professional Commission for the Conflict of Interest at the state level; and by setting up functioning and independent anticorruption bodies at the entity and cantonal levels

With the adoption of the law on conflict of interest at the state level, the first step was taken in establishing a robust legal framework aligned with international standards for preventing conflicts of interest. In the following period, the focus will be on the establishment of a commission for the prevention of conflicts of interest and the consistent and complete implementation of the law. To step up anti-corruption efforts, new legislation needs to be adopted at all levels on the declaration of assets and conflict of interests in line with international standards, in particular relevant GRECO recommendations. Particular attention will be paid to ensuring that commissions at all levels are independent from political influence/interference, (including financial independence and operational independence in their activities). Functionality of commissions, at minimum implies adopting the relevant legislative framework, allocating the budget and appointing of commissions through a credible procedure.

TABLE 131: ACTIVITIES WITHIN STEP 4.3.1.3.

Activity Code	Activity title	Responsibility	Source of verification
4.3.1.3.1.	Commission on COI at the state level established and functional	MoJ, Parliamentary Assembly BiH	Official gazette.
4.3.1.3.2.	Entity Laws drafted and adopted harmonized with state law	MoJ F BiH, RS and BD and Parliaments F BiH and RS, BD	Official gazette.
4.3.1.3.3.	Setting up independent and functional anti-corruption bodies at entity and cantonal levels	Entity and cantonal authorities	Official gazette

STEP 4.3.1.4 Respective legislation covering public procurement concessions and public private partnerships is brought in line with EU Acquis, and the Public Procurement Review Body at the state and entities level adequately staffed in order to fulfil their mandate

Public procurement and Concessions reforms are crucial to strengthen anti-corruption safeguards throughout the entire procurement cycle. These reforms play a key role in ensuring good governance and transparency in government operations. Therefore, legislative activities with aim to improve and align legislative framework with EU acquis will be undertaken.

TABLE 132: ACTIVITIES WITHIN STEP 4.3.1.4.

Activity Code	Activity title	Responsibility	Source of verification
4.3.1.4.1.	Drafted and adopted Law on public procurement in line with EU Acquis	Public Procurement Agency, BiH MoFTER, BiH CoM, Parliamentary Assembly BiH	Official gazette.
4.3.1.4.2.	Drafted and adopted Law on Concessions in line with EU Acquis	Public Procurement Agency, MoFTER Parliamentary Assembly BiH	Official gazette.
4.3.1.4.3.	Drafted and adopted Law on Concession at entity and cantonal level in line with EU Acquis	Entity and Cantonal authorities and Parliaments	Official gazette.
4.3.1.4.4.	Drafted and adopted Law on PPP at entity and cantonal levels in line with EU Acquis	Entity and Cantonal authorities and Parliaments	Official gazette.

STEP 4.3.1.5. Legislation on competition policy is implemented and harmonised with European standards

In order to ensure the effective functioning of the Competiton Council, BiH will amend the procedural deadlines to allow sufficient time for adopting decisions. The procedures for appointing the members of the Council will be revised as well in order to ensure merit based appointments.

TABLE 133: ACTIVITIES WITHIN STEP 4.3.1.5.

Activity Code	Activity title	Responsibility	Source of verification
4.3.1.5.1.	Law on Competition drafted	MoFTER , Competition council	Draft law
4.3.1.5.2.	Law on Competition adopted	Parliamentary Assembly	Official gazette.

STEP 4.3.1.6. An increase in the number of investigations, confirmed indictments and convictions is demonstrated in cases of corruption, including at high level

Within this step, a special priority will be placed on prosecution of political corruption (high-level), bearing in mind its devastating consequences for the functioning of the judicial system as well as for the state and society as a whole.¹⁵ An important segment within this step refers to the strengthening of international cooperation, effects of international cooperation have been very limited, but it is expected to grow with the start of operation of the EUROPOL contact point (EUROPOL contact point coordinator appointed also as EMPACT coordinator).

In relation to corruption cases, including at high level, the most recent statistical data and the case tracking provided by the authorities through the Commission's track record e-platform (Organised Crime and Corruption Track Record platform, OCCTR) will be aggregated to assess that there is an overall increase across the number of investigations, prosecutions, and final judgements by the competent law enforcement and judicial institutions and authorities. The monitoring also applies to the number and the overall value of seizures, freezing and confiscation of the proceeds of crime, as well as an increase of parallel financial investigations. The targets will be checked against 2026 and 2027 annual values. The baseline will be the average performance from the previous three years.

TABLE 134: ACTIVITIES WITHIN STEP 4.3.1.7.

Activity Code	Activity title	Responsibility	Source of verification
4.3.1.6.1	Analysis of gaps, analysis of trends in indictments and convictions, target setting, / develop action plan of measures (legislative, operational, resources planning, horizontal and vertical cooperation, international assistance),	HJPC	Published Analysis
4.3.1.6.2.	Improved human and material-technical capacities of the institutions taking part in the fight against organized crime	Prosecutors, LEAs	Number of Investigations, number of indictments, number of convictions, on the basis of HJPC Data and EC reporting
4.3.1.6.3	Monitoring and accountability, including for individual judges and prosecutors	HJPC	HJPC Report
4.3.1.6.4	Use of international assistance, EUROPOL, EMPACT etc.	MoJ BiH	Official Report
4.3.1.6.5	RS amendments to allow focus of Special Departments (resolving possible overlaps in the competences of the department for economic crime and the special department	MoJ RS	Official Gazette

¹⁵ The HJPC, as the regulatory body of the judicial system, at the session held on November 8, 2018, adopted a document entitled: "Definitions for the classification of cases of high level of corruption and organized crime", which for the first time separately introduced categories of cases " high-level corruption" and "high-level organized crime". After monitoring the application of the Definitions in question, and based on the observed shortcomings, the HJPC started revising the Definitions in question, and at the session held on June 23 and 24, 2021, it adopted the revised text of the Definitions of high-level corruption and organized crime¹⁵, with prescribed conditions for categorization within these types of criminal cases. In order to comply with the aforementioned Definitions, the HJPC also amended the Rulebook on the Automated Case Management System in Prosecutor's Offices (TCMS), which introduced these categories into the TCMS and assigned them special labels: "high-level corruption (KTKV) " and "high-level organized crime (KTOV)".¹⁶ Also, these changes were incorporated into the Rulebook on orientation criteria for the work of prosecutors in prosecutor's offices in BiH¹⁷, which introduced a separate evaluation of this type of criminal case in the orientation norming system, depending on the way of its termination. However, the relevant changes were made exclusively within the prosecutor's system in BiH, while on the side of the court system, there was no possibility of separating these cases into a separate category of cases, which inconsistency can cause additional difficulties in practical work.

	for combating corruption, organized and the most serious forms of economic crime)		
4.3.1.6.5	Setting up FBIH Organized crime corruption department	MoJ F BiH, HJPC	Official report

COMPONENT 4.4. FIGHT AGAINST ORGANIZED CRIME

REFORM 4.4.1. STRENGTHEN THE FIGHT AGAINST ORGANISED CRIME BY IMPROVING INSTITUTIONAL COOPERATION AMONG LAW ENFORCEMENT AGENCIES AND WITH PROSECUTORS' OFFICES AND COURTS; ESTABLISHING SPECIALISED MULTI-AGENCY INVESTIGATION TEAMS FOR COMPLEX CASES; AND IMPLEMENTING STRATEGIC, INTELLIGENCE-LED APPROACH TO FIGHTING ORGANISED CRIME, LEADING TO INCREASE IN CONVICTIONS.

This reform's objective seeks to advance the investigations and prosecution of organized crime in BiH in order to fulfill the interests of justice and conduct fair judicial proceedings against members of organized criminal groups and those enabling their criminal activities.

As pointed out in the document Organized Crime Threat Assessment in Bosnia and Herzegovina 2021, organized crime manifests itself through various types of crime, from illicit drug manufacture and drug trafficking to arms trafficking, economic and property crime, corrupt activities, cybercrime, and other types of criminal offences. The structural factors that enable organized crime in Bosnia and Herzegovina have also been identified. The reinvestment of proceeds of crime distorts legitimate market competition and undermines the country's entire economic system. Organized criminal groups constantly strive to infiltrate and take control of all significant structures of the state and society, in order to secure their illegally gained funds and avoid criminal prosecution.

In 2022, there were 39 investigations into organized crime with 336 suspects, 14 indictments with 58 accused, 20 convictions with 92 convicted, 38 with a conditional sentence, and 16 acquittals. This represents a drop compared with 2021 (735 suspects, 28 indictments with 190 accused and 22 sentences with 134 convicted).

Bosnia and Herzegovina will continue its efforts in the fight against organized with specific focus to address systemic shortcomings in the operational cooperation between law enforcement agencies fighting organized crime, weak institutional coordination, and a very limited exchange of intelligence.

In order to address existing shortcomings focus will be on strengthening cooperation among law enforcement agencies, notably by establishing specialised multi-agency investigation teams for complex cases involving economic crime, corruption and organised crime, improving mutual access to databases and the secure exchange of information, strengthening financial investigations and establishing a firearms focal point;

Further efforts will be made to strengthen proactive approach to financial investigations and asset seizures, countering criminal infiltration in the political, legal and economic systems, while cooperation with Eurojust and the European Public Prosecutor's Office (EPPO) will be stepped up.

TABLE 135: STEPS WITHIN REFORM 4.4.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
4.4.1.1	A mechanism is in place for tracing and recovery of assets derived through illegal activities at state and entity level	Prosecutors, LEAs, MoIs, MoJs	June 2025
4.4.1.2.	Increased number of investigations through the use of intelligence-led policing approach or joint investigation teams is demonstrated	Prosecutors, LEAs, MoIs, MoJs	June 2025
4.4.1.3.	An increase in stand-alone financial investigations is demonstrated	Prosecutors, LEAs, MoI, ITA, Tax Administration	June 2027
4.4.1.4	Increased number of investigations, confirmed indictments and convictions is demonstrated in cases of organised and serious crime	Prosecutors, LEAs, MoI	June 2027

STEP 4.4.1.1 A mechanism is in place for tracing and recovery of assets derived through illegal activities at state and entity level

The key focus of this step is to create the preconditions for tracing and recovery of assets derived through illegal activities. Therefore, boosting cooperation among existing LEAs as well as strengthening mechanisms for international cooperation will be prioritised.

TABLE 136: ACTIVITIES WITHIN STEP 4.4.1.1.

Activity Code	Activity title	Responsibility	Source of verification
4.4.1.1.1.	Boost cooperation and exchange of information among institutions at all level	Prosecutors, LEAs, MoIs, MoJs	Report on the implementation of the Strategy Against Organized Crime
4.4.1.1.2.	Adoption of standard operating procedures for financial investigation including for international cooperation	Prosecutors, LEAs, MoIs, MoJs	Report on the implementation of the Strategy Against Organized Crime

STEP 4.4.1.2 Increased number of investigations through the use of intelligence-led policing approach or joint investigation teams is demonstrated

Within this step, the emphasis will be on usage of the intelligence-led policing (ILP) as a practice that leverages technological advances in both data collection and analytics to generate valuable “intelligence” that can be used to more efficiently direct law enforcement resources to the people and places where they are likely to do the most good.

Actions will be taken to ensure increase of capacity for intelligence collection, as well as the availability of intelligence, to allow pro-active investigations; the use of joint investigation teams should be systematic, therefore, decision on establishment of joint investigation teams will define mechanisms for cooperation, which will allow the regular use of joint investigation teams.

TABLE 137: ACTIVITIES WITHIN STEP 4.4.1.2.

Activity Code	Activity title	Responsibility	Source of verification
4.4.1.2.1.	Develop a proactive and tailored response to specific forms of organized crime	Prosecutors, LEAs, MoI	Report on the implementation of the Strategy Against Organized Crime
4.4.1.2.2	Strengthen cooperation among law enforcement agencies, notably by establishing specialised multi-agency investigation teams for complex cases involving economic crime, corruption and organised crime, improving mutual access to databases and the secure exchange of information, strengthening financial investigations and establishing a firearms focal point	CoM, entity governments	Decision on establishment – mechanism established
4.4.1.2.3.	Strengthening of the capacities of LEAs for ILP	MoIs	MoIs Reports

STEP 4.4.1.3 An increase in stand-alone financial investigations is demonstrated

Targeting proceeds from crime is an efficient tool in the fight against corruption and organized crime, where the main motive is to acquire benefit. Under the concept of integrated financial investigation (from the suspicion of a criminal offence to the assets), stand- alone financial investigation is conducted in parallel to criminal investigation in order to identify and trace material benefit acquired by the (the concrete) criminal offence, to identify the property of the suspects or third persons from whom confiscation of proceeds is possible, and to secure final confiscation through the implementation of temporary measures (securing, seizing).

TABLE 138: ACTIVITIES WITHIN STEP 4.4.1.3.

Activity Code	Activity title	Responsibility	Source of verification
4.4.1.3.1.	Improve cooperation between ITA, Tax Administration and Prosecutors by	Tax Administrations;	Coordination body established and operative

	establishing coordination body of tax administration;		
4.4.1.3.2	Improving cooperation between prosecutors and LEAs through adoption of instructions on financial investigations;	Prosecutors, LEAs, MoI	Number of investigation/indictments/convictions Organised crime and Corruption track-record Platform

STEP 4.4.1.4 Increased number of investigations, confirmed indictments and convictions is demonstrated in cases of organised and serious crime

TABLE 139: ACTIVITIES WITHIN STEP 4.4.1.4.

Activity Code	Activity title	Responsibility	Source of verification
4.4.1.4.1.	Improved human and material-technical capacities of the institutions taking part in the fight against organized crime	Prosecutors, LEAs	Number of investigation/indictments Organised crime and Corruption track-record Platform

COMPONENT 4.4. FUNDAMENTAL RIGHTS

REFORM 4.5.1. FUNDAMENTAL RIGHTS

The key goal of this reform is to contribute to the creation of conditions for the effective protection of human rights and freedoms in accordance with international standards.

Bosnia and Herzegovina (BiH) faces significant challenges regarding fundamental human rights and the protection of marginalized and vulnerable groups. In its report on BiH published in November 2023, the European Commission expressed concerns about the key priority of freedom of expression, freedom of association and freedom of the media, as well as the protection of journalists in Bosnia and Herzegovina. It points out a “backsliding” in media freedom, noting that legislative and political pressure have increased and intimidation and harassment towards journalists continued without appropriate institutional follow-up. The BiH Journalists’ Association recorded an increase in attacks on journalists, with over 70 cases recorded in 2023, of which fewer than 25% were investigated.

Adoption of amendments to the criminal code in the Republika Srpska entity that re-criminalise defamation has a negative impact on the human rights situation, particularly on free and inclusive political discourse; the right to seek, receive and impart information; and press freedom.

In the coming period as an utmost priority BiH will concentrate efforts to ensure full respect, protection and promotion of freedom of assembly, association and expression, and will refrain from further actions that could adversely impact their exercise.

TABLE 140: STEPS WITHIN REFORM 4.5.1.

Step Code	Title of the step	Responsibility	Deadline for the implementation
4.5.1.1	Cases of threats and violence against journalists and media workers are transparently and effectively registered and followed up by police and judiciary	HJPC, Prosecutor offices at all level, LEA, MoIs, MHRR, MoS	Decembar 2024
4.5.1.2.	Defamation is decriminalized across the country	MoJ RS, Parliament RS	December 2027
4.5.1.3.	The steering boards of public broadcasters are fully composed, the debts of entity broadcasters with BHRT are settled, and BHRT has a sustainable fee collection system by adopting a new BiH Law on Public Broadcasting System	Parliaments BiH, F BiH and RS, PBS BiH, RS, F BiH, BiH CoM, F BiH/RS Government , CRA	December 2025
4.5.1.4	Legislation ensuring the enjoyment of freedom of expression, assembly and association is in place and enforced across the country, and no restrictive proposals are launched	MoJ RS/FBiH/BDBiH/BiH, Parliament RS/FBiH/BDBiH/BiH	December 2027

STEP 4.5.1.1 Cases of threats and violence against journalists and media workers are transparently and effectively registered and followed up by police and judiciary

Primarily environment of this step is to ensure secure and enabling environment for the work of the journalists. In this sense, it is crucial to ensure that all threats and attacks against journalists are investigated and the perpetrators prosecuted. In such cases, it is especially important to investigate the background of the case (including organizers, orderers etc.) and to inform the public about the findings.

TABLE 141: ACTIVITIES WITHIN STEP 4.5.1.1.

Activity Code	Activity title	Responsibility	Source of verification
4.5.1.1.1.	Adopt procedures for prosecutor's offices and law enforcement agencies, in relation to dealing with reports of criminal offenses committed against journalists, editors, media workers, as well as all persons who perform tasks of public importance in the field of information.	HJPC, Prosecutor offices at all level, LEA, MoIs, MHRR, MoS	Procedures Adopted
4.5.1.1.2.	Regularly follow up and report to the public about criminal acts of threats and violence against journalists and media workers to including the result of institutional follow-up	HJPC, Prosecutor offices at all level, LEA, MoIs, MHRR, MoS	Reports

STEP 4.5.1.2 Defamation is decriminalized across the country.

The potential harmful consequences of the criminalization of defamation will be eliminated in such a way that such provisions are abolished from the criminal legislation, given that protection against defamation is ensured through civil legal procedures.

TABLE 142: ACTIVITIES WITHIN STEP 4.5.1.2.

Activity Code	Activity title	Responsibility	Source of verification
4.5.1.2.1.	Amendments to Criminal Code RS to decriminalize defamation drafted	MoJ RS	Amendments Official Gazette
4.5.1.2.2.	Amendments to Criminal Code RS to decriminalize defamation Adopted	Parliament RS	Official Gazette

STEP 4.5.1.3 The steering boards of public broadcasters are fully composed, the debts of entity broadcasters with BHRT are settled, and BHRT has a sustainable fee collection system by adopting a new BiH Law on Public Broadcasting System

The implementation of this step should ensure a functional, independent and self-sustaining system of public broadcasting in BiH. In this sense, in addition to adopting a new legal framework, it is necessary to ensure the resolution of mutual debts and the appointment of management personnel.

TABLE 143: ACTIVITIES WITHIN STEP 4.5.1.3.

Activity Code	Activity title	Responsibility	Source of verification
4.5.1.3.1.	Members of public broadcasters appointed	Parliaments BiH, F BiH and RS	Decisions on appointment
4.5.1.3.2.	Agreement on settling the debts of entity broadcasters with BHRT	PBS BiH, RS, F BiH, BiH CoM/MoCT, RS/FBiH Government	Agreement on debt settlement
4.5.1.3.3.	Working group for drafting a new Law on Public Broadcasting System established	CoMBiH, MoCT, CRA, RS/FBiH ministries of communication	Decision on establishment of WG

4.5.1.3.4.	New law drafted and adopted	CoM, Parliamentary Assembly	Report to EC on approved document or publish in official gazette.
4.5.1.3.5	Entity Laws on PBS harmonized in line with state-level law	Entity parliaments	Report to EC on approved document or publish in official gazette.

STEP 4.5.1.4. Legislation ensuring the enjoyment of freedom of expression, assembly and association is in place and enforced across the country, and no restrictive proposals are launched

TABLE 144: ACTIVITIES WITHIN STEP 4.5.1.4.

Activity Code	Activity title	Responsibility	Source of verification
4.5.1.4.1.	Analysis to identify legislation in BiH that undermines the effective enjoyment of the freedom of expression, assembly and association	BiH MoJ, FBiH, RS, and BD MoJ, in cooperation with civil society organizations	Public reporting
4.5.1.4.1.	Adopt/amend legislation to address identified areas where effective enjoyment is undermined alignment of legislation on freedom of assembly to European standards at all levels of government	Entity and cantonal MoIs (BD is already covered)	Official Gazette
4.5.1.4.2	No restrictive legislative proposals on fundamental freedoms are launched		Official Gazette,

5 GENERAL CONDITIONS FOR PAYMENTS (FOR ALL POLICY AREAS)

MACROECONOMIC STABILITY

In the period 2024-2027 in Bosnia and Herzegovina, a gradual reduction of inflationary pressures is expected, along with a stabilisation of economic growth, which will be reflected in the trend of production, employment, and exports volume.

According to DEP projections for the period 2024-2027, economic growth can be expected in Bosnia and Herzegovina with an average growth rate of around 3% on an annual basis (2024: 2.2%, 2025: 2.8%, 2026: 3.0% and 2027: 3.1%). It is assumed that the key pillar of economic growth during this period should be domestic demand through an increase in private consumption and investments. In fact, the sustainable growth of economic activity in the country with the expected increase in industrial production and construction works, followed by a slight increase in the number of employees and income from exports (goods and services) should preserve the stability of the disposable income of citizens. If it is considered that private consumption occupies a very important place in the GDP structure, it can be expected that it will represent a key pillar of economic growth during the programme period. On the other hand, bearing in mind the high level of public consumption within the GDP in Bosnia and Herzegovina and the efforts made through the process of fiscal consolidation in Bosnia and Herzegovina during this period, a gradual stabilisation of public finances is expected through the reduction of public expenditures and the simultaneous increase of public revenues in order to limit the growth of public consumption. Considering that the projected rate of economic growth during this period would be higher in relation to the increase of public consumption, the share of it in GDP would fall to roughly 17.5% by the end of 2027.

In this period of time, it is expected that, through fiscal policy measures, part of the funds from current consumption should be channelled for the purpose of strengthening investment spending in Bosnia and Herzegovina. Therefore, with the improvement of the business environment, unlike previous years, investments could have a more significant growth and therefore a greater contribution to the expected GDP growth. In the period 2024-2027 in Bosnia and Herzegovina, an increase in gross investment in fixed assets is expected at an average annual growth rate of about 4% (2024: 2.3%, 2025: 3.8%, 2026: 4.7% and 2027: 4.6%). In this time frame, in addition to the increase in private investments, which make up the majority of total investments (about 80% of total investments), as stated earlier, a significant contribution of public investments is also expected. It is believed that the progress in the process of European integration combined with the improvement of the business environment through reform processes could increase the interest of both domestic and foreign investors in investments in Bosnia and Herzegovina. On the other hand, considering the structure and position of

the economy of Bosnia and Herzegovina, it is considered that public investments will represent a somewhat more important lever for stimulating economic growth in the medium term. Projects within the construction of road infrastructure and energy projects (green transition), as well as the availability of funds from international financial institutions, with their adequate and timely implementation, could result in an annual increase of public investments of over 6%, for the period 2024-2027. Thus, in the medium-term time frame, the share of public investments within GDP in Bosnia and Herzegovina would increase to around 3.3% of GDP. Stabilisation of the external environment along with improvement of the industrial base and raising competitiveness in the country are a prerequisite for improving foreign trade exchange with the world. Only under the condition of the materialisation of the mentioned external assumptions in the period 2024-2027, an increase in foreign trade exchange with the world can be expected. In this case, an average annual export growth of 7.2% can be expected in Bosnia and Herzegovina, while the projected growth of goods and services would be fairly uniform. Thus, during this period, thanks to this export growth, the share of exports in GDP would increase close to 50% by the end of 2027. On the other hand, it is expected that imports in this time period should move at a slightly slower annual growth rate of around 5%. During this period, fairly balanced growth in the import of goods and services is expected. The consequence of this trend in import growth would be the stabilisation of the share of imports in GDP to around 60% of GDP by the end of 2027. Slightly stronger export growth compared to import growth in the medium term would result in a gradual stabilisation of the foreign trade balance as a share of GDP at around 10%, i.e. a slightly positive contribution to economic growth, while the coverage of imports by exports should be over 80% by 2026.

The mid-term labour market scenario is based on expected economic growth and trends in trade, industrial production, domestic demand, investment, and the overall business climate. This will be reflected in the number of employed persons and salary growth. The contribution of the public sector to the rise of the number of employed persons in Bosnia and Herzegovina is expected to be more moderate when compared to other sectors of activity. The greatest number of employed persons may continue in the trade and processing industries, which employ the greatest number of people (about 38%). During the observed period (2024-2027), it is predicted that the number of employed persons in Bosnia and Herzegovina will continue to increase at a growth rate of 1.4-1.6% y/y, with a gradual decline in the unemployment rate. Furthermore, the average net salary could rise by 3-4% y/y. Nonetheless, labour market projections are subject to risks that could dramatically alter expected salary growth as well as the number of employed persons

The development of inflation projections in Bosnia and Herzegovina for the period 2024-2027 is based on the trend of energy and food prices on the global market, as well as inflation projections in the EU, as major external factors. Given the significant influence of global prices on domestic inflation, it is reasonable to expect a gradual stabilisation of prices in Bosnia and Herzegovina in the period 2024-2027. Based on the estimation, inflation in Bosnia and Herzegovina could reach 2.2% in 2024, 2.0% in 2025, 1.9% in 2026 and 1.8% in 2027.

In the period 2024-2027, a nominal decrease in the foreign trade deficit of 0.6%-5.4% is possible as a result of an increase in the nominal rate of imports (5.2-8.3%) and an increase in the rate of exports (7.1-11.4%). According to DEP projections, the current account deficit in 2024 will be around 3.1% of GDP, while the current account deficit in 2025, 2026 and 2027 will be around 2.3%, 2.0% or 1.9% of GDP. Current net inflows from abroad are estimated to range from 6.9% to 8.9% of GDP in the period 2023-2027. In terms of financing the current account deficit, it can be expected that, as in the past, the current account deficit will be financed by inflows of financial resources from abroad via trade loans, foreign direct investments, and possible new borrowings on the international financial market.

PUBLIC FINANCE MANAGEMENT

PEFA, to contribute to more effective implementation and subsequent adjustments of the 2021-2025 PFM Reform Strategies across all government levels as well as the Comprehensive PFM Strategy for BiH. The assessment has identified the following main strengths of the country's PFM system:

EXPENDITURE MANAGEMENT

Expenditure management is performing well and could be considered as the main strong point of the country's PFM system. The upstream expenditure management is primarily based on relatively strong macro-economic and fiscal forecasting functions which are provided by Directorate for Economic Planning and the Macroeconomic Analysis Unit of the Indirect Tax Authority. Moreover, the system exhibits a solid level of fiscal discipline which is manifest across all four levels of government as confirmed by relatively small deviations between the executed and the approved budgets at the aggregate level. In-year reallocations between the main budget categories across all levels, however, result in higher deviations and show only basic performance for the fiscal years covered by the assessment.

BUDGET PREPARATION PROCESSES

Budget preparation process in BiH across government levels function by and large according to relevant regulatory prerequisites and institutional arrangements. For example, budget preparation calendar is embedded in the relevant legislation for each level of government in BiH and is largely complied with except for the Institutions of BiH where political stalemate has resulted in delays in budget adoption in recent years. There is space for improvement, which requires only certain amount of regulatory fine-tuning and capacity development, depending on the particular issue in question.

DEBT MANAGEMENT

Legislated debt service limits prevent rampant debt financing and have a further effect of strengthening overall fiscal discipline, albeit with inherent systemic weaknesses as discussed below. Debt servicing forecasts are regarded as mostly reliable and are well integrated in the budget planning process. Moreover, debt management strategies are comprehensive and credible documents in the sense that they encompass all the essential elements including assessment of broader macroeconomic context, cost and risks associated with the implementation of debt management strategy, all of which are needed to ensure that both the level and rate of growth in public debt are sustainable and can be serviced under a variety of circumstances.

EXTERNAL AUDIT

All levels of government have strong external audit functions in place, with the one of the difference being the fact that the level of implementation of the external audit recommendations is higher at the moment at the level of Brčko District and RS as compared to the level of FBiH and BiH Institutions. One notable trait about the external audit function in BiH is the fact that it has benefited from a direct bilateral program of technical assistance (via Swedish National Audit Office) which has been provided to the SAIs across the levels of government on a continuous basis over the span of more than 20 years.

The following were assessed as areas for continued reforms and further improvements:

Strategic targeting of public budgets - This was a noted issue in the context of previous assessment and continues to be the weakest performing feature of BiH PFM system a decade later. Budgets continue to largely reflect planned legal commitments within the available budget envelope rather than serving as a tool to strategically direct resources towards the achievement of social and economic and development objectives. Some progress in establishing an effective strategic planning system has been made with the adoption of regulatory changes across all government levels. However, the declarations made in adopted strategic documents have yet to find their way into actual implementation.

Parliamentary scrutiny of budgets and fiscal strategy - Parliaments continue to exhibit weak involvement in the budget preparation process which is primarily due to a still remaining weak capacity for systematic budget analysis and also due to delayed submissions of budget proposals by the government. Parliaments are often not given enough time to properly scrutinize government budget whereas they are adopted following a “fast track” procedure, which limits the scope for parliamentary scrutiny and public discussion. Although there are technical services within the Parliaments in BiH that provide support to Committees, the capacity for independent research and provision of information is still relatively weak. Moreover, fiscal strategies are adopted in different forms, but they do not contain sufficient information on the fiscal impact of policy proposals while fiscal outcomes reports have yet to be instituted.

Management of fiscal risks and public investment management - Both of these functions are at the very basic level of performance across all government levels. Set-up for monitoring of financial performance of public enterprises is still in the inception although institutional structures exist. Operational issues mainly pertain to a lack of effective data exchange and suboptimal capacities to handle and process the information at hand. Coverage of public enterprises is very much incomplete and does not contribute to the assessment of the implied fiscal risks. None of the government levels provide a comprehensive assessment of contingent liabilities in their financial reports, except for non-systematic reference to certain types of these risks which is not adequately put into the perspective of potential budgetary implications. Finally, the effectiveness of public investment management is hindered by structural weaknesses, such as a lack of the systematic approach, a lack of transparency and detachment from the budget process. Additionally, monitoring of investment implementation should be done in more articulated and comprehensive manner.

PAYMENT SCHEDULE

PART 3: COMPLEMENTARITY AND IMPLEMENTATION OF THE REFORM AGENDA

1 COMPLEMENTARITY WITH IPA III

Reforms proposed under the Reform Agenda are coherent with the support to Bosnia and Herzegovina provided under the Instrument for Pre-Accession IPA and complementary to the IPA support. Certain proposed reforms also contribute to creating enabling conditions for IPA utilisation (for example in relation to developing and adopting countrywide sector strategic framework, such as with respect to the Framework Broadband strategy preparation, country-wide strategy for the quality infrastructure adoption, country-wide smart specialisation strategy).

Under the Instrument for Pre-Accession for the period 2021-2027 (IPA III) Bosnia and Herzegovina has so far prepared annual national/bilateral programmes for IPA 2021, IPA 2022, IPA 2023 and IPA 2024. All these programmes are approved and operational except for the IPA 2024 annual programme which is awaiting its formal adoption by the European Commission.

An analysis of IPA 2021, IPA 2022, IPA 2023 and IPA 2024 Actions/Action Documents has been conducted and of their links with reforms from the Reform Agenda. Based on the conducted analysis it can be said that the largest portion of Actions is complementary with certain Indicative Reforms, while for a smaller number of Actions no direct link with the Indicative Reforms can be found. Attached are lists of IPA 2021-2024 annual programmes for Bosnia and Herzegovina with mapping of Action linkages with the Reform Agenda.

Specific links of the proposed reforms and IPA exist in relation to all Reform Agenda Policy Areas.

Policy Area 1: Green and Digital Transition is linked to all four IPA III Thematic Windows, and specifically to Thematic Priorities: Window 1 Thematic Priority 3 – Fight against organised crime/security, Window 2 Thematic Priority 1 – Good governance (links of proposed reforms exist with IPA 2022 and IPA 2024 Actions primarily in the area of Public Administration Reform), Window 3 Thematic Priority 1 - Environment and climate change (links of proposed reforms exist with IPA 2022 Action in this respective area) and Thematic Priority 2 - Transport, digital economy and society, and energy (links of proposed reforms exist with IPA 2021, IPA 2023 and IPA 2024 Actions primarily in the areas of energy efficiency, security and transition), as well as Window 4 Thematic Priority 1 - Education, employment, social protection and inclusion policies, and health.

Policy Area 2: Private sector development and business environment is linked to two IPA III Thematic Windows and primarily to Window 4 Thematic Priority 2 - Private sector development, trade, research and innovation (links of proposed reforms exist with IPA 2021 and IPA 2024 Actions primarily in the area of private sector support as well as circular economy), as well as to Window 3 Thematic Priority 2: Transport, digital economy and society, and energy and Window 4 Thematic Priority 1 - Education, employment, social protection and inclusion policies, and health.

Policy Area 3: Human capital development and retention is linked to IPA III Thematic Window 4 Thematic Priority 1 - Education, employment, social protection and inclusion policies, and health, where links of proposed reforms exist with IPA 2021, IPA 2022 and IPA 2024 Actions, primarily in the area of employment as well as to some extent in relation to social protection.

Policy Area 4: Fundamentals/Rule of law is linked to IPA III Thematic Window 1 and Thematic Priorities 1 – Judiciary (links of proposed reforms exist with IPA 2022 Action, primarily in the area of strengthening the justice system and fight against organised crime), 2 – Fight against corruption, 3 – Fight against organised crime/security, 5 – Fundamental rights, 6 – Democracy and 7 - Civil Society, as well as with Window 2 Thematic Priority 2 - Administrative capacities and acquis alignment (links of proposed reforms exist with IPA 2021, IPA 2022 and IPA 2024 Actions primarily with respect to European Integration).

In the coming period Bosnia and Herzegovina is to programme IPA assistance for the remaining three years, IPA 2025, IPA 2026 and IPA 2027 of the current IPA III instrument. Process of preparation of these programmes will be initiated after completion of the Reform Agenda. In the course of these programming processes due attention will be paid to the reforms planned under the Reform Agenda to ensure that there is no overlap between these reforms and the prepared IPA annual programmes for Bosnia and Herzegovina for the IPA period 2025-2027.

2 INVESTMENTS UNDER WESTERN BALKANS INVESTMENT FRAMEWORK (WBIF)

The Draft of the Indicative list of investment projects of Bosnia and Herzegovina earmarked for the support from the Reform and Growth Facility (RGF) through Western Balkan Investment Framework (WBIF) was made taking into account, besides the main WBIF criteria, the criteria of relevance and maturity. The draft list contains projects in the transport, energy, digital and education sector. The Draft of the Indicative list is divided into two lists. The first list contains projects that were preliminarily assessed to meet the criteria of relevance and maturity. This first list includes infrastructure projects from the transport, energy and digital sectors. These projects are directly related to the implementation of the EIP, that is, their implementation accelerates the socio-economic convergence of the BiH economy with the EU. The second list contains projects for which it was not possible to perform a preliminary analysis and it was not possible to perform assessments, due to the lack of information.

TABLE 145: DRAFT INDICATIVE LIST OF PRIORITY INVESTMENT PROJECTS FOR SUPPORT FROM THE REFORM AND GROWTH FACILITY (RGF) THROUGH WESTERN BALKAN INVESTMENT FRAMEWORK (WBIF) IN BOSNIA AND HERZEGOVINA

Sector: Transport				
Project	Reference to the Economic and Investment Plan, Green Agenda (if applicable)	Maturity level of the project	Project amount	Interested international financial institution
Road Corridor Vc, section Ivan – Ovčari	Connecting North to South	Drafting of the detailed design is currently ongoing.	335 million EUR Potential WBIF grant: 135 million EUR	EIB
Road Corridor Vc, section Ovčari – Entrance to Tunnel Prenj	Connecting North to South	Drafting of the detailed design is currently ongoing.	195 million EUR Potential WBIF grant: 78 million EUR	EIB/EBRD
Road Corridor Vc, section Tunel Prenj	Connecting North to South	Preliminary design, with the elements of detailed design is completed	575 million EUR Potential WBIF grant: 230 million EUR	EIB/EBRD
Road Corridor Vc, section Tunnel Prenj – Mostar north	Connecting North to South	Drafting of the Detailed design is currently ongoing.	188 million EUR Potential WBIF grant: 75 million EUR	EIB/EBRD
Construction of the Main Road M-1111 Foča (Brod na Drini) - Hum (Šćepan Polje) (Route 2b)	Connecting North to South	The main design is completed. The period of implementation of construction works is planned in 2025-2026.	100 million EUR Potential WBIF grant: 40 million EUR	World Bank and EBRD
Improvement of the Main Road M-1111	Connecting North to South	The main design is completed.	150 million EUR	

Sarajevo - Foča (Route 2b)		Construction permits are planned to be completed in 2026, so the period of implementation of construction works is unknown.	Potential WBIF grant: 60 million EUR	
Main repair of the Podlugovi-Sarajevo railway line	Connecting North to South	The main design is completed. The period of implementation of construction works is planned in 2025-2027.	25 million EUR Potential WBIF grant: 12 million EUR	EBRD/EIB
Main repair of the Doboj railway, i.e. km 103+500-Maglaj, both tracks and Jelina – Zenica	Connecting North to South	The main design is completed. The period of implementation of construction works is planned in 2025-2027.	18 million EUR Potential WBIF grant: 9 million EUR	EBRD/EIB
Route 9a: Modernization and overhaul of the railway sections: Doboj-Petrovo Novo and Caparde Zvornik, including the reconstruction of the Križeviči tunnel	TEN-T Route 9a	Preliminary studies and designs (maturity could be increased if TA GAF is adopted in the next WBIF TA call. It was negatively screened in the 30 TA call)	400 million EUR Potential WBIF grant: 200 million EUR	EBRD / WB
Construction of the Banja Luka bypass (Route 2a)	TEN-T Route 2a	The main design is completed. The period of implementation of construction works is planned in 2025.	320 million EUR Potential WBIF grant: 128 million EUR	EIB
Improvement of the main road M-1101 Banja Luka - Ugar (Route 2a)	TEN-T Route 2a	The main design is completed. Construction permits are planned to be completed in 2026, so the period of implementation of construction works is unknown.	50 million EUR Potential WBIF grant: 20 million EUR	
TOTAL INDICATIVE TRANSPORT			Cca 2 300 million EUR	
Sector: Energy				
Project	Reference to the Economic and Investment Plan, Green Agenda (if applicable)	Maturity level of the project	Project amount	Interested international financial institution
Automation of the electrical distribution system of the Elektroprivreda BiH	- EU Green Deal - draft of the NECP	The development of the conceptual project is in the final stage. The implementation of construction works is planned to be completed in Q4 2030.	15 million EUR Potential WBIF grant: 3 million EUR	EIB
Revitalization and automation of the distribution network in Republika Srpska	Green agenda – integration of RES into the power	Assessed needs for investments, built a ten-year development study that is the basis for three-year investment	300 million EUR	Negotiations with EIB, based on their response to the letter of interest sent by 4

	system; RS public investment program	plans, in the final phase of the preparation of an energy efficiency study. The implementation of construction works is planned to period 2024-2034.	Potential WBIF grant: 60 million EUR	distribution companies in Republika Srpska ("Elektro Krajina" a.d. Banja Luka, "Elektro Bijeljina" a.d. Bijeljina, "Elektro Hercegovina" a.d. Pale, "Elektro Hercegovina" a.d. Trebinje)
Reconstruction and construction of the distribution network and transformer stations, and delivery of advanced electricity meters, Elektroprivreda HZHB		The self-financed part of the project is ready for implementation. The part of the project for which financing from credit funds is planned will be ready in due course. The implementation of construction works is planned to period 2024-2028.	40 million EUR Potential WBIF grant: 8 million EUR	EIB
Energy efficiency of the electrical distribution system of Elektroprivreda BiH	- EU Green Deal - draft of the Integrated Energy and Climate Plan of Bosnia and Herzegovina for the period until 2030 (NECP)	The development of the conceptual project is in the final stage. The implementation of construction works is planned to be completed in Q4 2030.	130 million EUR Potential WBIF grant: 26 million EUR	EIB
Modernization of the EDS telecommunications infrastructure of Elektroprivreda BiH	- EU Green Deal - draft of the NECP	The development of the conceptual project is in the final stage. The implementation of construction works is planned to be completed in Q4 2027.	15 million EUR Potential WBIF grant: 3 million EUR	EIB
Trans-Balkan Corridor: OHL 2x400 kV Bajina Bašta (RS)-Višegrad (BA)/Pljevlja (MN) – Construction	Proposal for PECEI 2024 of the Energy Community	The main design is completed.	7.3 million EUR Potential WBIF grant: 1.5 million EUR	
Installation of Variable Shunt Reactors - VSR, BiH	Green transition Development plans of Elektroprenos BiH (Long-term transmission network development plan 2021-2030/ Investment plan 2024)	Negotiating a credit arrangement. The implementation of construction works is planned to be completed in 2025-2028.	46 million EUR Potential WBIF grant: 9 million EUR	EBRD (a loan arrangement is being negotiated)
Reconstruction of 220kV and 110 kV OHL in Bosnia and Herzegovina: - 220 kV Trebinje-Perućica Reconstruction (increase of transmission power)	220 kV Trebinje-Perućica is proposed for PECEI 2024 of the Energy Community Development Plans of Elektroprenos BiH (Long-term transmission network development plan 2021-2030/ Investment plan 2024-2026)	220 kV Trebinje-Perućica: Development of ESIA is ongoing (the part of the OHL in Montenegro). OHL 110 kV Bileća – Nikšić: ESIA not planned for this project.	6.5 million EUR Potential WBIF grant: 1.5 million EUR	

<p>- OHL 110 kV Bileća - Nikšić Reconstruction (increase of transmission power)</p> <p>- OHL 110 kV Trebinje – Komolac (HR): Reconstruction (increase of transmission power)</p>		<p>OHL 110 kV Trebinje – Komolac (HR): ESIA not planned for this project.</p> <p>Property rights resolved (it is the reconstruction of existing objects)</p> <p>The implementation of project is planned in the investment period 2024-2026, so the finalization of the project planned during 2026.</p>		
<p>Sustainable Network Management System for Battery Chargers in Bosnia and Herzegovina- Bridging CO2 Divide</p>	<p>Green transition</p> <p>Project is coherent with the following regulations and requirements:</p> <p>- EU Strategy for Sustainable and Smart Mobility,</p> <p>-EU Directive on Renewable Energy Sources (RES Directive)...and many other provisions and regulations in the EU - all in the spirit of sustainability, CO2 reduction, decarbonization, etc. are in accordance with the requirements and European Energy Community ENTSO-E and ENTSOE plans, provisions, regulations and MVS contract signed between NOSBiH and ENTSO-E.</p>	<p>Development of the Concept of the Project</p> <p>The implementation of construction works is planned to be completed in period 2026-2027.</p>	<p>10 million EUR</p> <p>Potential WBIF grant: 2 million EUR</p>	<p>EBRD</p>
<p>Energy Cyber Security Response in Bosnia and Herzegovina (ESR BiH)</p>	<p>The project is aligned with DIRECTIVE (EU) 2022/2555 of the European Parliament and of the Council of December 14, 2022 on measures for a high common level of cyber security, as well as with the recommendations of the European Commission on cyber security in the energy sector</p> <p>BiH NECP - Integrated Energy and Climate Plan</p> <p>protection against cyber attacks</p>	<p>Conceptual idea and conceptual design</p> <p>The period of implementation of construction works is unknown.</p>	<p>The total investment is estimated at EUR 5 mil. for technological improvements and the laboratory, plus EUR 2 mil. for the TA component.</p> <p>Potential WBIF grant: 1 million EUR</p>	<p>EBRD</p>
<p>Renewable District Energy for Canton Sarajevo - RDEKS</p>	<p>The Project is in line with the Economic and Investment Plan for the Western Balkans, which puts special emphasis on transition from coal to sustainable energy as key to reducing both carbon</p>	<p>Conceptual design and Feasibility study completed.</p> <p>The Mandate Letter was signed in November 2021</p>	<p>31 million EUR</p> <p>Potential WBIF grant: 10 million EUR</p>	<p>EBRD</p>

	<p>dioxide emissions and air pollution.</p> <p>The Project is consistent with the “Flagship 4 – Renewable Energy”.</p> <p>The Project is consistent with the Guidelines for the implementation of the Green Agenda for the Western Balkans, namely pillar 1 on decarbonisation given the impact of the Project on CO2 savings.</p>	<p>between the Canton Sarajevo, Sarajevo- Toplane and EBRD</p>		
HPP Jajce II Rehabilitation Project	<p>In accordance with EIP - V. Investment in clean energy, as well as to the Annex of the Plan, Flag 4 -RENEWABLE ENERGY.</p> <p>The project also refers to several so-called "Roadmaps" Green agendas such as climate action, renewable energy, emission reduction and nature protection.</p> <p>The project is coherent with several EU directives and national strategies related to water, environment, energy efficiency, renewable sources, etc.</p>	<p>Project documentation was prepared for the project at the level of the main design.</p> <p>Tender documentation in English for the procurement of equipment and the execution of works was also prepared.</p> <p>Due to the passage of a period of 5 years from the creation of the documentation, it should be updated regarding the cost estimates and certain technical solutions.</p> <p>The implementation of construction works is planned to be completed in 2026-2030.</p>	<p>The Project budget at design prices from 2019 is</p> <p>25.5 million EUR.</p> <p>The current estimated value of the Project is</p> <p>35.8 million EUR.</p> <p>Potential WBIF grant: 7 million EUR</p>	World Bank
Revitalization and modernization of Hydro Power Plant Trebinje 1	<p>Primarily it was a part of the project “POWER 3” electric energy system.</p>	<p>Tender documentation, with all necessary analysis and tests for the construction and revitalization of all three aggregates, is completely finished.</p> <p>Having in mind that the project refers to revitalization works, a duty of a future contractor is to prepare the project documentation.</p>	<p>55 million EUR</p> <p>Potential WBIF grant: 11 million EUR</p>	Preliminary negotiations with the World Bank
Rehabilitation of the HPP Salakovac	<p>- EU Green Deal</p> <p>- NECP</p>	<p>ToR drafting for Feasibility study ongoing</p>	<p>55 million EUR</p> <p>Potential WBIF grant: 11 million EUR</p>	World Bank
Photovoltaic power plant EPHZHB 1	<p>In accordance with EIP - V. Investment in clean energy, as well as to the Annex of the Plan, Flag 4 -RENEWABLE ENERGY.</p> <p>The project also refers to several so-called "Roadmaps" Green agendas such as climate action,</p>	<p>Project documentation was prepared for the project at the level of the main design.</p> <p>The preparation of the tender documentation in cooperation with the tender agent and KfW is at a high level of readiness.</p>	<p>The amount of project without the battery system is:</p> <p>112 million EUR</p>	KfW, EIB

	renewable energy, emission reduction and nature protection. The project is coherent with several EU directives and national strategies related to water, environment, energy efficiency, renewable sources, etc.	The implementation of construction works is planned to be completed in 2026-2028.	The amount of project with a battery system is: 163 million EUR Potential WBIF grant: 30 million EUR	
Procurement and installation of energy transformers in Transformer stations 400/x kV in Bosnia and Herzegovina Elektroprenos BiH (Energy transformers in TS 400/x kV Gacko, Trebinje and Mostar 4)	Development plans of Elektroprenos BiH (Long-term plan of development of network 2012-2030 Investment plan 2024-2026	Implementation of project is envisaged in the investment cycle 2024-2026 Finalization expected during 2026	15 million EUR	
Bosnia and Herzegovina - Croatia South Gas Interconnection (Zagvozd (HR) - Posušje (BiH) - Novi Travnik with branch to Mostar)	EIP – Flagship 5 – Transition from coal	Conceptual project completed, funds for the preparation of the Main design foreseen in the BH-Gas Business Plan The period of implementation of construction works is planned in June 2026 - December 2027.	100 million EUR Potential WBIF grant: 20 million EUR	
Integration of heat storage in TPP Tuzla	- EU Green Deal - draft of the NECP	The project study is in the final stage. The implementation of construction works is planned to be completed in Q4 2026.	3.5 million EUR Potential WBIF grant: 0.7 million EUR	EBRD
Conversion of Block 3 of TPP Tuzla to biomass	- EU Green Deal. - NECP - Energy transition and decarbonization strategy of EPBiH 2050	The project study is in the final stage. The implementation of construction works is planned to be completed in Q4 2028.	76 million EUR Potential WBIF grant: 15 million EUR	EBRD
Construction of the floating PVP Sniježnica with an energy storage system (battery + green hydrogen)	- EU Green Deal. - NECP - Energy transition and decarbonization strategy of EPBiH 2050	Feasibility study with conceptual solution is completed. The implementation of construction works is planned to be completed in Q4 2025.	5 million EUR Potential WBIF grant: 1 million EUR	EBRD
TOTAL INDICATIVE ENERGY			Cca 1 100 million EUR	
Sector: Digitalization				
Project for the development of an optical broadband core network in Bosnia and Herzegovina	Flagship 8 – Digital	Preliminary studies	Based on future investments in the construction of broadband optical networks based on the feasibility study, the approximate	

			estimate of the required funds is 15 mil EUR	
TOTAL INDICATIVE DIGITAL			15 million EUR	
TOTAL INDICATIVE			Cca 3 135 million EUR	

TABLE 146: DRAFT LIST OF INVESTMENT PROJECTS WHICH REQUIRE ADDITIONAL CONSULTATIONS FOR INCLUSION INTO THE TABLE 1: DRAFT INDICATIVE LIST OF PRIORITY INVESTMENT PROJECTS FOR SUPPORT FROM THE REFORM AND GROWTH FACILITY (RGF) THROUGH WESTERN BALKAN INVESTMENT FRAMEWORK (WBIF) IN BOSNIA AND HERZEGOVINA

Sector: Transport				
Project	Reference to the Economic and Investment Plan, Green Agenda (if applicable)	Maturity level of the project	Project amount	Interested international financial institution
Adriatic-Ionian corridor, section Interregional junction Počitelj-junction Stolac, l=23.5km in FBiH.		The project is included in the traffic strategy of Bosnia and Herzegovina for the period 2016-2030. In 2018, the study documentation was prepared, and in 2023, the conceptual design for the part of the highway in the Federation of Bosnia and Herzegovina, with a length of 23.5 km, was prepared. In 2024, the main design is prepared	220 million EUR	Preliminary interest of IFI exists
Expressway Mostar- Široki Brijeg- Grude-Granica RH, section Polog-Granica RH, k=40.5km		The project is included in the traffic strategy of Bosnia and Herzegovina for the period 2016-2030. In 2018, the study documentation was prepared, and in 2022, the conceptual and main design was prepared. An urban planning permit was obtained, and JP Autoceste FBiH predicted the start of construction in 2024 in its business plan. Land expropriation has been completed on a significant part of the route, and the project is ready to start construction. The expressway is part of the comprehensive TEN-T network.	250 million EUR	Preliminary interest of IFI exists

Indicative extension of the TEN-T : Upgrade of the main road Mostar - Grude - Vinjani Donji (BCP BIH/HR)		Preliminary studies and designs	120 million EUR	
<p>Construction of the Komar tunnel with the associated part of the route</p> <p>Part 1: (L=11.1 km) reconstruction of Donji Vakuf - Komar,</p> <p>Part 2: Komar tunnel (L=1.47 km) and connection to the existing road, total L=2.5 km,</p> <p>Part 3: reconstruction of the road to Turbe (L=8.4 km, total length 22km)</p>		<p>The main design is completed.</p> <p>It is necessary to obtain permits and consents, expropriation, which will be followed by the execution of works.</p> <p>Negotiations with an international financial institution are planned in 2024.</p> <p>The period of implementation of construction works is unknown.</p> <p>Tender documentation is completed in December 2022.</p>	<p>Part 1: 14.4 million EUR</p> <p>Part 2: 56.2 million EUR</p> <p>Part 3: 7.24 million EUR</p> <p>Total: 77.84 million EUR</p>	
Construction of the North Bypass Gruda, II phase (completion of works)		<p>The main design is completed.</p> <p>It is necessary to obtain permits and consents, expropriation, which will be followed by the execution of works.</p> <p>Negotiations with EBRD started in 2023.</p> <p>The period of implementation of construction works is unknown.</p>	2.3 million EUR	
Indicative extension of the TEN-T Route 3a: Upgrade of the main road Sarajevo - Istočno Sarajevo	TEN-T Route 3a	Preliminary studies and designs	80 million EUR	EBRD
Indicative extension of the TEN-T Route 3a: Upgrade of the main road Višegrad - Vardište - BCP BIH/SRB	TEN-T Route 3a	Preliminary studies and designs	60 million EUR	EBRD
Indicative extension of the TEN-T : railway section: Čapljina - Trebinje - border BH/CG		Preliminary studies and designs	600 million EUR	
Lašva-Nević Polje expressway, l=24.5km	TEN-T Route 2a	<p>The project is part of the traffic strategy of Bosnia and Herzegovina for the period 2016-2030. The Nević Polje-Vitez section, 5 km long, is currently under construction. In 2024, the completion of the main design of the Nević Polje-</p>	217 million EUR	Preliminary interest of IFI exists

		Turbe section with a length of 12.5 km is expected.		
Modernization of safety-signaling and telecommunication systems on the Indicative extension of the TEN-T railway network in the Republika Srpska	Flagship 1 – Connecting East to West and Flagship 2 – Connecting North to South		121 million EUR	EIB
Highway Tuzla-Orašje, l=61km		The project is part of the traffic strategy of Bosnia and Herzegovina for the period 2016-2030. Project documentation for the 30 km long Tuzla-Maoca section is currently being prepared.	743 million EUR	Preliminary interest of IFI exists
Expressway is part of the Sarajevo detour Butila – Brijesće (4.5 km) for ITS		Drafting of the Detailed design is currently ongoing.	1.6 million EUR	Preliminary interest of IFI exists
Sarajevo International Airport, Reconstruction of the runway, taxiways A, B and C and part of the platform		Main design is completed. Detailed design is completed, supporting documentation in the process of obtaining the approval for reconstruction by FMPU. Tender documentation will be prepared after obtaining the approval for construction, which will define the period of implementation of the construction works.	29 million EUR	
Sarajevo International Airport, Construction of a fast exit taxiway		Preliminary and main design with supporting elaborations completed. Tender documentation will be prepared after obtaining the approval for construction, which will define the period of implementation of the construction works.	3.6 million EUR	
Sarajevo International Airport, Extending the runway		No project documentation Tender documentation will be prepared after obtaining the approval for construction, which will define the period of implementation of the construction works.	18 million EUR	
Mostar Airport, The project of installation of central runway lights		Main design and tender documents prepared	1 million EUR	
Mostar Airport The project of widening the tracks B and C		Main design and tender documents prepared	0.9 million EUR	

Mostar Airport, The project of building a new parking lot for cars		Preliminary design prepared	0.25 million EUR	
Mostar Airport, Lighting system reconstruction project		Preliminary design prepared	0.35 million EUR	
Mostar Airport, Expansion of the terminal building			1.5 million EUR	
Mostar Airport, Turnpad on runway			0.25 million EUR	
Sector: Energy				
Project	Reference to the Economic and Investment Plan, Green Agenda (if applicable)	Maturity level of the project	Project amount	Interested international financial institution
OHL 400 kV Gacko-Brezna Construction	Proposal for PECEI 2024 of the Energy Community	Under consideration. The implementation of construction works is planned to be completed in 2033-2035.	10 million EUR	
OHL 400 kV Banja Luka 6 - Mostar 4 Construction	Proposal for PECEI 2024 of the Energy Community	Under consideration. The implementation of construction works is planned to be completed in 2032-2034.	164 million EUR	
OHL 400 kV Brezna – Sarajevo 20 Construction	Proposal for PECEI 2024 of the Energy Community	Under consideration. The implementation of construction works is planned to be completed in 2031-2032.	6.6 million EUR	
PHE Vrilo	In accordance with EIP - V. Investment in clean energy, as well as to the Annex of the Plan, Flag 4 - RENEWABLE ENERGY. The project also refers to several so-called "Roadmaps" Green agendas such as climate action, renewable energy, emission reduction and nature protection. The project is coherent with several EU directives and national strategies related to water, environment, energy efficiency, renewable sources, etc.	Project documentation was prepared at the level of conceptual design, tender documentation for the selection of the Consultant for CHE Vrilo and tender documentation for the selection of the designer of the Main design of CHE Vrilo, the project of the completed state of CHE Vrilo and the implementation of investigative works according to the KfW Guidelines in English of the main design. Tender documentation in Croatian and English for the procurement of equipment and the execution of works was also prepared as part of the conceptual project. Due to the passage of time, the prepared tender	138.6 million EUR	KfW / World Bank / EIB

		documentation will be formally and content-wise possibly adjusted and/or amended according to the rules of the international financial institution. The implementation of construction works is planned to be completed in 2027-2031.		
HPP Bileća	Green Agenda Increased energy production from the Renewable Energy sources	Feasibility study, Preliminary Design	83 million EUR	
HPP Mrsovo	Green Agenda Increased energy production from the Renewable Energy sources	Final phase of project technical documentation and land and legal issues	95 million EUR	
PVPP Ljubinje 3	Green Agenda Increased energy production from the Renewable Energy sources	Feasibility study, Preliminary Design	51 million EUR	
PVPP Trebinje 2	Green Agenda Increased energy production from the Renewable Energy sources	Feasibility study, Preliminary Design	43 million EUR	
PVPP Trebinje 3	Green Agenda Increased energy production from the Renewable Energy sources	Feasibility study, Preliminary Design	45 million EUR	
Sector: Human Capital Infrastructure				
Project	Reference to the Economic and Investment Plan, Green Agenda (if applicable)	Maturity level of the project	Project amount	Interested international financial institution
Introduction of heating and cooling in secondary schools in Herzegovina-Neretva canton using the water-water or air-air system"	Environmentally friendly and corresponds to some of the 17 goals (7, 12, 13) adopted by all UN member states in 2015 as part of the 2030 Agenda for Sustainable Development.	Project idea, concept of the project completed. The period of implementation of construction works is unknown.	Purchase and installation of air/water heat pumps heating/cooling (price depends on power kw and voltage w)	
Construction and equipping of the gymnasium for physical and health education classes in the Druga gimnazija High School	Corresponds with goals 4 and 16 within the 2030	Development of the main design in progress.	0.8 million EUR	

and Secondary Medical School of the City of Mostar	Agenda for Sustainable Development.	The period of implementation of construction works is unknown.	AB construction – masonry works, steel construction, carpentry, roofing, insulating	
Construction and equipping of the building of the Electrical Engineering High School in Mostar in order to relocate it, preferably from the premises of the Sixth Elementary School in the area of the City of Mostar	Corresponds with goals 4 and 16 within the 2030 Agenda for Sustainable Development.	Project idea, concept of the project completed. The period of implementation of construction works is unknown.	Construction works: 0.09 million EUR Equipment: 0.05 million EUR	
Providing minibuses for elementary schools in Republika Srpska		The main design is completed. The period of implementation is unknown.	1.5 million EUR	
Construction of a school in Paprikovac, Banjaluka		Completed tender documentation for the conceptual solution as well as the conceptual solution and UT conditions. The period of implementation is unknown.	2.5 million EUR	
Equipping primary and secondary schools with ICT equipment and implementing a wireless internet network in all schools in Republika Srpska		Preparation of tender documentation is in progress. The period of implementation is unknown.	7.6 million EUR	
Unified Information System in Higher Education (JISVO) Republika Srpska		In the initial phase of the project, the conceptual design was completed, after which the programming part of the work was started, which was completed to a significant extent. After that, the test phase of the system and the correction of what had been done up to that point began. The test phase has not been completed nor have all the necessary corrections been made. An extensive user manual was written with a description of accessing the system, using its functions and entering data into the system.	Unknown	The project has not been applied (presented or nominated) to international financial institutions

		The period of implementation is unknown.		
Sector: Digitalization				
Project	Reference to the Economic Plan, Green Agenda (if applicable)	Maturity level of the project	Project amount	Interested international financial Institution
Development of a study for the establishment of a Cloud computing center of the Government of FbiH		Project documentation has not been prepared. Funds are needed for the preparation of the Study	0.2 million EUR	
Preparation of project documentation for the establishment of the CERT Team and infrastructure for cyber security in FbiH		Project documentation has not been created Funds are needed for the creation of project documentation	0.7 million EUR	
Establishment of Cloud computing center of FbiH		Project documentation has not been created	10 million EUR	
Construction of a single electronic document management system (DMS) for federal administrative bodies		Project documentation has not been created Funds are needed for the creation of project documentation and the establishment of the system	5 million EUR	
Improving broadband Internet access in the Republika Srpska	Flagship 8 - Digital Infrastructure	First, it is necessary to map broadband Internet access, and based on that, prepare appropriate plans for the implementation of activities.		
Digitization of the radio communication system of the MUP RS - 2nd phase		Detailed design is being developed.	2.8 million EUR	
Creation of a unique data bus (Government Service Bus - GSB) Republika Srpska		Project documentation is currently being prepared. The period of implementation is unknown.	2 million EUR	World Bank, EBRD
Design and implementation of the National eGovernment portal (eSrpska) Republika Srpska		Project documentation is currently being prepared. The period of implementation is unknown.	1 million EUR	World Bank, EBRD
The national open data portal of the Republika Srpska		Project documentation is currently being prepared.	0.2 million EUR	World Bank, EBRD, World Bank, EBRD

		The period of implementation is unknown.		
Development of a platform for qualified electronic delivery (e-box) Republika Srpska		Analysis of the situation and preparation of project documentation is ongoing. The period of implementation is unknown.	0.5 million EUR	World Bank, EBRD
Preparation of the register of citizens of the Republika Srpska		Analysis of the situation is ongoing. The period of implementation is unknown.	2.5 million EUR	World Bank, EBRD

3 CONSULTATION

Consultation process on the Reform Agenda for Bosnia and Herzegovina started with the establishment of the Special Working Group established for the preparation of the Reform Agenda. WG was established by the Council of Ministers and representatives were state and entity level ministers responsible for policy areas under the Reform Agenda. WG had a mandate to propose the final version of the document to the Council of Ministers for adoption. Department for Economic Planning (DEP) was appointed as the secretary of the WG.

Furthermore, the draft document was shared with all political levels in Bosnia and Herzegovina in May 2024. Comments and observations were received and addressed in June. The list of comments, response to the comments as well as their acceptance/rejections is given in [Annex 2](#).

Second stage of the consultation process was held in June 2024 where DEP organized consultations with a) business sector and b) NGO sector.

The business sector was consulted through the Chamber organizations on all levels. There were XXX number of participants in [XY](#) workshops. The main conclusions and recommendations were received and addressed.

The list of comments, response to the comments as well as their acceptance/rejections is given in [Annex XY](#).

Partnership, in line with the Regulation (EU) 240/2014 will be fully established during the implementation period. In that respect, the DEP shall be responsible for establishment and maintenance of the partnership in line with Regulation (EU) 240/2014 to the extent possible.

4 MONITORING, REPORTING, EVALUATION

As per Article 25 of the Regulation, European Commission shall be responsible for monitoring and assessing the achievement of the objectives of the Facility, while Facility Agreement is setting out the rules and modalities for Bosnia and Herzegovina to report to the Commission.

The whole system for monitoring and reporting shall therefore consist of the following:

1. *Monitoring Committee*
2. *Secretariat of the MC*
3. *Coordinator*
4. *Line ministries responsible for individual reforms.*

MONITORING COMMITTEE

Monitoring Committee shall be set-up by Bosnia and Herzegovina and the Commission. The MC shall be composed of the representatives of the Coordinator and the Commission and a) all the relevant bodies of Bosnia and Herzegovina

identified in the preparation of the RGF, b) if applicable, bilateral donors, IFIs, c) Civil society organizations and d) private sector organizations.

The long list of potential members shall be shared by the Coordinator with the Commission in order to establish the proper balance of partners. The MC shall be formally established by the Decision of the Council of Ministers.

The Coordinator and the Commission shall co-chair the MC and shall meet at least once per year with the possibility of ad-hoc meetings.

MC shall have its Rules of Procedures which will define the decision-making process, organizational aspects and communication aspects.

MC shall be assisted by the Secretariat, the role to be performed by DEP.

Monitoring Committee shall be responsible for overall monitoring of the implementation of the Reform Agenda and as per Facility Agreement it shall in particular:

- *Review and validate progress achieved in the implementation of the Reform Agenda*
- *Review and validate the Annual Report*
- *Review and validate Communication Plan*

THE SECRETARIAT OF THE MC

Secretariat of the MC is established within DEP. Their roles and responsibilities are:

- *Collecting, collating and analysing all the documents needed for the reporting to any institution*
- *Preparation of reporting templates, guidelines*
- *Preparation of the Indicator Fiches for the Quantitative Steps in close collaboration with Line ministries*

THE COORDINATOR

The Coordinator shall be established by the Decision of the Council of Ministers of Bosnia and Herzegovina and his/her role shall be the one described in the Facility Agreement.

THE LINE MINISTRIES

Each institution responsible for a reform in the Reform Agenda shall be responsible for collecting and distributing information to the DEP on a prescribed and unified format on the following:

1. *Achievement of the Actions*
2. *Achievement of the Quantitative Steps*
3. *Functioning of the system of controls*
4. *Challenges in the implementation*
5. *Risks and mitigation tools*
6. *Irregularities management*

Line ministries shall be identified within the Decision of the Council of Ministers.

MONITORING AND REPORTING

In order to implement a proper, relatively easy and systematic monitoring of the Reform Agenda for Bosnia and Herzegovina a simple yet efficient database has been prepared. The database is in a form of MS Excel as a widely used format (**Annex x**).

The structure of the database allows for subsequent addition of additional information such as:

- *Specific objectives of the RGF and correlation to reforms*
- *Commission Priorities and correlation to reforms*

This would allow for automatic reporting on the contribution to the two specific issues from the database

Data integrity shall be ensured by DEP as the only responsible institution for controlling and manipulating the data to be submitted to the Commission.

STEPS

Steps are determined as conditions for payments, and financial value is attributed to each step.

Steps can take of form of quantitative or qualitative step.

Quantitative step, it is an indicator as such and represented by the quantified target. For each quantitative step, an indicator fiche shall be developed.

In order to achieve the quantitative step, the beneficiary will have to:

- *Reach the step target value and*
- *Achieve all the identified*

For qualitative or descriptive steps, which are not quantified, but their achievement is binary (Achieved/ Not Achieved), the beneficiary will have to:

For all the qualitative steps, the *achieve all the identified actions* baseline value is zero (0) and the target value is one (1).

Indicator Fiche

For each Quantitative Step an Indicator Fiche shall be developed within 6 months after entry into force of the Facility Agreement by the beneficiary in order to identify all the relevant information on the indicator. Indicator Fiches for each quantitative step shall be shared and agreed with the Commission and they shall contain at least the following information:

TABLE 147 - EXAMPLE INDICATOR FICHE

Indicator Name	Installed Prosumer Capacity
Definition	Capacity of renewable energy sources installed for own consumption of energy
Unit of measurement	Mega Watt
Methodology for calculation (if the indicator is not calculated by the official statistical institution)	National Electricity Company should sum all the approved and realized investments in renewable energy resources connected to the grid.
Data source	National Electricity Company
References / Location of the data	
Data collection level	National, disaggregated by the municipality
Frequency	Annual
Delay	1 month

ACTIONS

Actions are smallest building blocks of the Reform Agenda, and they represent detailed breakdown of each step. They are mostly binary (achieved/not achieved).

Actions are attributed with the information on responsible institution and source of verification. Source of verification is either publicly available document or source, while in the absence of such source the responsible institution shall issue a written statement confirming the achievement of such action with supporting evidentiary proof.

DATABASE

Reform Agenda has a strong hierarchical structure consisting of the following:

1. *Priority Area*
 - 1.1. *Component*
 - 1.1.1. *Reform*
 - 1.1.1.1. *Step*
 - 1.1.1.1.1. *Action*

Each of the hierarchical level is structured in a separate table with information applicable to that level, i.e. there should be no mixture of levels of data (i.e. data applicable to higher level should not be repeated and presented in the lower level as redundant, repetitive and potentially could lead to ‘multiple truth’ issues).

Validation of entries is strictly applied where possible (i.e. the deadline for the implementation of the action cannot be greater than the deadline for the implementation of the step, or drop-down menus are preventing free entries). In that way, human error is minimized.

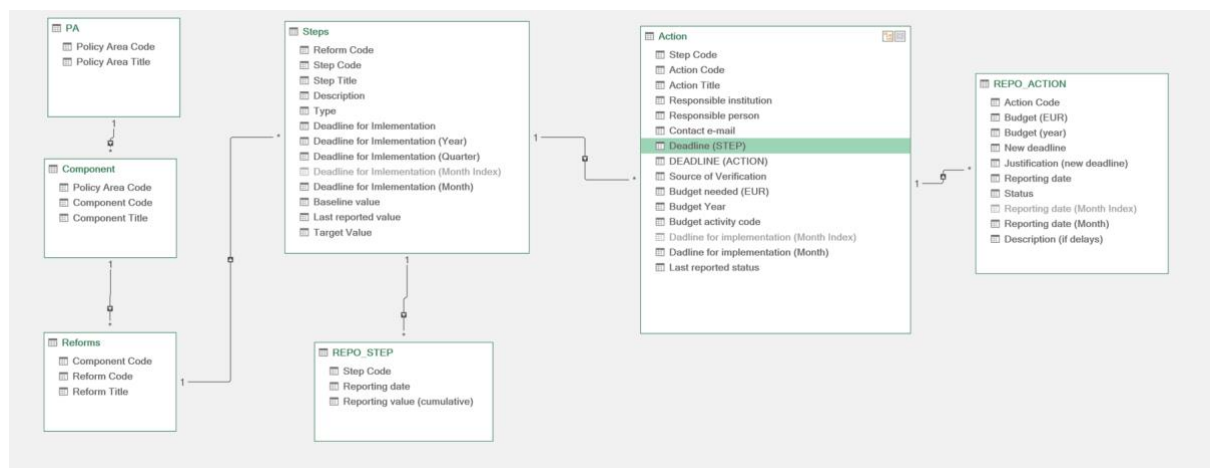
Monitoring of the Reform Agenda assumes that the following logic is applied:

- *For qualitative steps - If all the actions are achieved, step is achieved. If all the steps are achieved, reform is achieved.*
- *For quantitative steps, 1) if all the actions are achieved and 2) if target values for the step are met, step is achieved, if all the steps are achieved reform is achieved.*

Beneficiary shall take into account Guidance on partially achieved steps as well as the Guidance on evidence to be provided.

Structure of the database

FIGURE 3: STRUCTURE OF THE DATABASE AND RELIATIONSHIPS BETWEEN TABLES WITH APPLICABLE DATA



All the relationships between tables are one-to-many relationships filtering (drilling down) from higher to lower hierarchical level. This allows for proper and easy data manipulation and pivoting.

There are 5 initial tables, one for each hierarchical level. 4 of them are prefilled as they are completely taken from the approved RA. These tables are:

1. Policy Area
2. Component
3. Reform
4. Step

All the descriptions and definitions are taken directly from the Reform Agenda and if there are no changes in the Reform Agenda (i.e. via modification procedure) there should be no need to change or adapt the structure.

However, additional information (attributes) can be added to each table if needed as long as the attribute is applicable for the hierarchical level. For example, one could imagine that coordination mechanism could be put on the level of Policy Area, Component or Reform in which case this information is simply added as a new column in the appropriate table.

Table Actions (A5)

In order to implement a step, a series of actions needs to be performed by BiH regardless of if the step is defined as qualitative (binary) or quantitative.

FIGURE 4: TABLE A5 - ACTIONS

Step Code	Action Code	Action Title	Responsible institution	Responsible person	Contact e-mail	Deadline (STEP)	DEADLINE (ACTION)	Source Verification of	Budget (EUR) needed	Budget Year	Budget activity code
1.1.1.1.	1.1.1.1.1	Listing SOE on state level	Ministry of Finance			12-2024	09-2024	Report			
1.1.1.1.	1.1.1.1.2	Listing SOE on municipal level	Ministry of Finance			12-2024	09-2024	Report			
1.1.1.1.	1.1.1.1.3	Specifications for the IT Platform	Ministry of Finance			12-2024	09-2024	Tech Specs	3,000,00 €	2024	A378285
1.1.1.1.	1.1.1.1.4	Public procurement of services	Ministry of Finance			12-2024	07-2024	Publication of notice	20,000,00 €	2024	A378285

For each step, actions are defined with the attributes presented in Figure 4.

As it is expected that some actions will have clear budgetary needs, line ministries should define the amount of funds, budget year in which the funds were planned as well as the Budget activity code from the approved national budget/entity level budget.

In that way, DEP can monitor if the funds needed for the achievement of the action and therefore step are planned in the national budget. In subsequent modifications we could envisage the actual spending of the budget compared to planned values.

Data entered in the table is basic, and once entered, there will be little, or no changes needed to the table.

Quantitative steps – Table A6

As the definition of type of step is given in table A4 (field “Type”), table A6 is prepared via Power Query (Refresh is needed), where only quantitative steps are presented as defined in the table A4 and only two types of information should be provided in addition, as presented in the Figure 5.

FIGURE 5: TABLE A6 - QUANTITATIVE STEPS

Reform Code	Step Code	Step Title	Description	Type	Deadline for Implementation	Baseline value	Last reported value	Target Value
1.1.1.	1.1.1.4.							
1.2.1.	1.2.1.3.							

Therefore, the beneficiary will only enter information on baseline value and target value for the step as the rest of the information shall be pre-filled.

As for the indicators, Fiches are crucial as it should not be understood that the achievement of indicators is in direct correlation with achievement of actions and indicators are often subject to wrong assumptions where Indicator Fiche would allow for clear understanding of those assumptions.

REPORTING

There will be at least two lines of reporting: reporting towards the national coordinator by the institutions responsible for each step and action as well as the reporting towards the Commission.

REPORTING TOWARDS COORDINATOR

As for the reporting towards the coordinator, line ministries shall send a monthly update to the coordinator regarding two issues:

1. *Achievement of actions*
2. *Achievement of quantitative steps.*

That reporting shall be done in a simple, cumulative tables.

FIGURE 6: REPORTING TABLE FOR THE ACTIONS

Action Code	Budget (EUR)	Budget (year)	New deadline	Justification (new deadline)	Reporting date	Status	Description (if delays)
1.1.1.1.1.	5.000,00	2025			31.7.2024	On-time	
1.1.1.1.2.	20.000,00	2024			31.7.2024	On-time	

On a monthly basis, the responsible institution will send an update on the status of their respective actions. As the information on the institution, reform, step and action is already in the database, there is no need to repeat that information. Basically, the institution would simply copy their actions (Column “Action Code”), make eventual changes in the columns “Budget (EUR)”, “Budget (year)”, “New Deadline”, “Justification (new deadline)”, “Reporting date”, “Status” and “Description (if delays)”.

We can assume that the only information that will change is “Status” and “Reporting date”. We can also assume that the table coming from an institutions would have the following number of entries

$$\text{number of entries} = \text{number of actions} * \text{number of reporting periods}$$

i.e. if the body has 15 actions under their responsibility and there are 42 reporting periods (6 months in 2024, 12 months in 2025, 2026 and 2027), there would be 630 entries for that particular institution.

FIGURE 7: REPORTING TABLE FOR QUANTITATIVE STEPS

Step Code	Reporting date	Reporting value (cumulative)
1.1.1.4.	31.7.2024	1
1.2.1.3.	31.7.2024	0,03
1.1.1.4.	31.8.2024	1
1.2.1.3.	31.8.2024	0,028
1.1.1.4.	30.9.2024	3
1.2.1.3.	30.9.2024	0,028

As for the reporting on quantitative steps, institutions would report in the similar manner, copying their respective quantitative step for each reporting period adding a cumulative value for that reporting period.

Coordinator/MC Secretariat shall simply copy the table coming from a particular institution to a common table in the database.

This common table would be virtually illegible but we don’t need it as a reporting table but rather as a source of information for other tables.

It is important to systematize the data in this fashion if we want to monitor the progress between the reporting periods and to eventually express trends or follow progression.

FIGURE 8: TABLE M1

Institution	Action	Deadline	07-2024	08-2024	09-2024	10-2024	11-2024	12-2024	01-2025
-------------	--------	----------	---------	---------	---------	---------	---------	---------	---------

Ministry of Finance	1.1.1.1.1.	30.9.2024	On-time	Delays	On-time	Finalized	Finalized	Pending	
Ministry of Finance	1.1.1.1.2.	30.9.2024	On-time	On-time	Finalized	Finalized	Finalized	Pending	
Ministry of Finance	1.1.1.1.3.	30.9.2024	On-time	Delays	Finalized	Finalized	Finalized	On-time	
Ministry of Finance	1.1.1.1.4.	31.7.2024	On-time	On-time	Finalized	Finalized	Finalized	On-time	
Ministry of Justice	1.1.1.1.5.	30.11.2024	On-time	On-time	Finalized	Finalized	Finalized	Delays	
Ministry of Justice	1.1.1.1.6.	30.11.2024	Pending	On-time	Finalized	Finalized	Finalized	Delays	

It is important to note that, given the fact that the data is systematized properly, information can be provided per any level or layer (here we have a presentation per institution, but it could be presented per component, reform, step or any other attribute) as shown in the tables M2 and M3.

We could present information per status and therefore, closely monitor those which are in delay or jeopardizing the achievement of the steps.

“M” tables are automatically prepared upon Refresh of the database, and they are simply printed or shared.

Furthermore, as the tables are connected via Data Model in PowerPivot, there are additional options for automatic analysis via pivot tables.

With every report submitted by the Line ministries, the Coordinator shall receive an evidentiary proof of the achievement of actions/steps such as:

- *Links to the official webpages where certain information is located*
- *Declarations by the Line ministries where the information is not publicly available*
- *Any other evidence that proofs the achievement of action/step (i.e. reports to SAA subcommittees, ToC by DEI or similar)*

As the database is sufficiently granular, reports can be provided on any level, any issue and in any format on the data stored in the database.

THE SYSTEM

Coordinator, would collate and control inputs from the responsible institution and present a cumulative report on the status of implementation of the Reform Agenda.

This report would allow for the following:

- *Clear indication of delays in the achievement of the actions*
- *Clear indication of finalized actions and therefore steps and reforms.*
- *Follow up on the delays of achievement of actions, steps and reforms.*

Institutions would be obliged to send an update by the 5th day of the month for the previous month, while the coordinator would have additional 5 days to collate the report and present it to the government in a simple format.

Council of Ministers would receive a management summary every month on the following:

- *Number of steps and actions per institution (disaggregated per status)*
- *Number of steps and actions which are facing delays*
- *Short description of the reasons and follow-up activities for the delayed actions*

European Commission and the DEU would have access to monthly reports.

Therefore, the beneficiary institutions will focus on monitoring the actions and steps, while achievement of reforms, components and priority area is deductive.

REPORTING TOWARDS COMMISSION

Bosnia and Herzegovina is obliged to submit to the Commission the following reports:

- *Request for Release of Funds*
- *Report on the Implementation of the Reform Agenda*
- *Any other report (ad hoc)*

REQUEST FOR THE RELEASE OF FUNDS

As per the Facility Agreement, the Request for the Release of Funds shall be submitted twice per year and shall contain the following information:

1. *Table with Reforms and Steps which have been achieved in the reporting period (extracted from the database)*
2. *Assessment of each step with supporting evidence (received from the line ministries)*
3. *Declaration that previously achieved steps have not been reversed (received from the line ministries)*
4. *Summary of the result of the checks (received from the Line ministries)*
5. *Summary of audits (received from the State Audit Institution)*

In addition to the information listed above, each second quarter of the year, the Coordinator will submit:

6. *Macroeconomic Report (prepared internally by DEP)*
7. *The government's PFM progress report including budget transparency and oversight (approved by the Council of Ministers)*
8. *The government's sector progress report including on institutional advancements (approved by the Council of Ministers)*

REPORTING TO THE COMMISSION

REQUEST FOR THE RELEASE OF FUNDS (RRF)

As per model RRF attached to the Facility Agreement (Annex 1), the table on the achievement of steps shall be prepared based on the monthly reporting tables as well as any evidence pertinent to the achievement of the individual actions (links, documents, references...)

As for the other requirements related to the RRF such as Results of the Checks, Summary of Audits, they shall be prepared by the relevant institutions every six months to accompany the RRF.

General conditions assessment shall be prepared and sent to the Commission once a year using the template in the Facility Agreement.

ANNUAL REPORT

Annual Report listing all the achievements, challenges, problems and risks related to the implementation of the Reform Agenda, shall be prepared by the Coordinator once a year and presented to the Monitoring Committee for their review and validation.

The template for the Annual Report (and semi-annual report) shall be provided by the Commission.

EVALUATION

As per article 27, Commission shall be responsible for the evaluation of the Facility. BiH shall provide all necessary assistance and information during the evaluations.

5 CONTROL AND AUDIT

INTERNAL CONTROL

Bosnia and Herzegovina (BiH) has established a robust Internal Control System (ICS) to ensure responsible and efficient management of public funds, both national and those provided by the European Union. This system, implemented in 2008, plays a vital role in promoting transparency, accountability, and deterring misuse of public resources, contributing directly to BiH's reform agenda.

Each institution within the BiH public sector has its own independent internal audit unit. These units conduct objective assessments of financial management practices, identify potential risks and weaknesses, and make recommendations for improvement. This independent oversight strengthens transparency and helps institutions address any potential issues early on.

Central Harmonization Unit (CHU) is located within the BiH Ministry of Finance and Treasury, and it plays a critical role in overseeing the development and implementation of the ICS across all entities. It drafts and monitors relevant regulations, coordinates the work of internal audit units, and reports on the overall effectiveness of the system.

Beyond the core pillars of ICS, BiH has implemented additional measures to enhance the effectiveness of the ICS:

- *Development Strategy - A comprehensive strategy guides the development and improvement of the internal control system for institutions at the national level. This strategy outlines specific goals and priorities to continuously strengthen the system's effectiveness.*
- *Coordination Board - A dedicated coordination board ensures consistent regulations and practices related to internal audit and financial management and control across all BiH entities. This collaboration fosters a unified approach to public financial management and minimizes inconsistencies.*
- *Republika Srpska, similar to the CHU, the Ministry of Finance in the Republika Srpska plays a vital role by overseeing the implementation of the ICS within its entity, ensuring consistent and effective application of the system throughout BiH.*

As of December 2023, significant progress has been made in strengthening the ICS. BiH institutions have established 20 internal audit units, with 13 of them fully staffed. These units have conducted a substantial number of audits, issuing recommendations to improve financial management practices. While the current implementation rate of these recommendations is approximately 22%, this demonstrates the continuous effort towards improvement.

The ICS serves as a cornerstone for responsible public financial management in BiH. While progress has been achieved, ongoing efforts are crucial to continuously strengthen the system's effectiveness. This includes:

- *Increased staffing - filling all available positions within internal audit units will further enhance their capacity and effectiveness.*
- *Enhanced implementation of recommendations - continued focus on implementing recommendations issued by internal audit units will lead to improved financial management practices across the public sector.*
- *Sharing best practices - fostering collaboration and knowledge exchange among different BiH entities can further strengthen the overall effectiveness of the ICS.*

By building upon the existing framework and addressing these areas for improvement, BiH can ensure the continued responsible and efficient management of public funds, contributing to its overall reform agenda and fostering public trust in its institutions.

COMPETITION AND STATE AID

In accordance with the statutory competences of the Competition Council, the 2023 Work Program provided for the launch of an initiative in the fourth quarter of 2023 to the Ministry of Foreign Trade and Economic Relations of BiH, for the adoption of a new Law on Competition, in accordance with the Decision on the procedure for aligning BiH legislation with the EU acquis and aligned with relevant EU legislation. During the preparation of the preliminary draft of the Law on Competition and the initiative for its adoption, attempts will be made to amend parts of the Law in accordance with the recommendations of the European Commission from Opinion on BiH's application for EU membership and the Analytical Report. It should be noted that the Competition Council is charged with powers to initiate amendments to the Law on Competition, while the procedure for drafting and adopting the Law itself is the exclusive responsibility of the Ministry of Foreign Trade and Economic Relations of BiH, the Council of Ministers of BiH and the Parliamentary Assembly of BiH. Namely, the Law on the State Aid System in BiH was adopted after a compromise was reached,

precisely, in connection with the decision-making of the State Aid Council of BiH, in order to avoid outvoting the representatives of the RS. Pursuant to Article 11 of the Law, the decisions are made with the consent of a majority of the present members' votes, provided that every decision must be voted upon by at least a representative of each constituent people. The aim of such decision-making process is to ensure the constitutionality of the people established in the Constitution of BiH. In view of the above, provisions of the said laws cannot be regarded as "ethnicity-based veto". The institute of veto provides the essential protection of the rights of constituent peoples in BiH. This principle is guaranteed by the BiH Constitution and the Dayton Peace Agreement. A derogation from this mechanism of protection would seriously harm the constitutional and legal system in BiH. The State Aid Council of BiH (SAC) adopted a new Rulebook on internal organisation at the 131st meeting held on 21 March 2023, as approved by the Council of Ministers of BiH on the 6th meeting held on 16 March 2023, which created the conditions to strengthen operational capacities of the SAC. The implementation of the IPA II project EU support to legislation on the State aid began on 4 September 2023. According to the Rulebook on the internal organisation of the Competition Council, the Technical Service of the Competition Council in Sarajevo and the Competition Council Offices in Mostar and Banja Luka, which have the status of independent internal units of the Competition Council, operate as part of the Competition Council. In order to fulfil the obligation under Article 71(4) of the Stabilisation and Association Agreement, the Parliamentary Assembly of BiH adopted the Law on the State Aid System in BiH on 3 February 2012. The Law on Amendments to the Law on State Aid System in BiH was adopted at the 8th session of the House of Representatives, held on 15, 19 and 20 May 2020, and at the 8th session of the House of Peoples held on 25 June 2020. The amendments to the Law prioritised the transposition of Articles 107 and 108 of the Treaty on the Functioning of the EU, Council Regulation (EU) 2015/1588 and Council Regulation (EU) 2015/1589.

Pursuant to Article 24 Paragraph (1) of the Law on the State Aid System in BiH, and upon authorisation of the State Aid Council (SAC), the Entity Governments, the RS Government and the FBiH Government, as competent authorities for implementing the Law, adopted the following regulations:

- *Decree on the purpose, criteria and conditions for granting State aid in the RS ,*
- *Decree on the conditions and procedure for granting de minimis State aid ,*
- *Decree on granting State aid to economic operators entrusted with public services of general economic interest*
- *Decree on the method and procedure for notifying State aid in the RS ,*
- *Decree on the methodology for preparation of the annual report and the inventory of State aid granted in the RS*
- *Decree on the method and procedure for notifying State aid in the FBiH ,*
- *Decree on the methodology for preparation of the annual report on State aid granted in the FBiH ,*
- *Decree on the purpose, criteria and conditions for granting State aid in the FBiH ,*
- *Decree on the conditions and procedure for granting de minimis State aid ,*
- *Decree on terms of granting State aid in the form of compensation to economic entities entrusted with the operation of services of general economic interest .*

For the same purpose, the Council of Ministers of BiH adopted the Decision on the procedures and forms for submitting information and monitoring of State aid .

When it comes to the alignment of the State aid legislation with the *acquis*, the Ministry of Foreign Trade and Economic Relations drafted proposals for two regulations in accordance with the Law on the State Aid System in BiH. In accordance with Article 24 (1) of the Law on the State Aid System in BiH, the SAC approved the proposal for the Decision on the conditions and procedure for granting *de minimis* State aid at the 104th session held on 28 January 2021, and the proposal for the Decision on the purpose and conditions for granting State aid in the form of compensation to economic entities entrusted with the operation of services of general economic interest, at the 109th session held on 9 June 2021. The procedure for adoption of regulations by the CoMBiH has not been completed yet.

PUBLIC PROCUREMENT

Public procurement in BiH is regulated by a single, country-wide legal framework composed of the BiH Public Procurement Law (PPL) and accompanying 20 bylaws. A PPL was originally adopted in 2004, while in 2014 BiH adopted a new law which was amended in 2022 with the overall aim to ensure the most efficient use of public funds. Although, 2014 PPL was triggered by efforts to align the legal framework with the *Acquis*, which included reform commitments made by BiH as a potential candidate country for European Union (EU) membership, the law is still not aligned with the *acquis*.

PPL was amended in 2022 and amendments to the Law started to be enforced at the end of 2022, and certain provisions of these amendments presented challenges when put into practice, such as provisions on unacceptable bids, i.e. should the offer be rejected if it exceeds the estimated value and newly introduced changes in public procurement contracts, that was added through amendments in Parliament.

Although not all by-laws envisioned by the amendments have been developed yet, throughout 2023 and 2024, a series of regulations were introduced. Some of the most significant ones include Regulation on the conditions and methods of using e-Auctions, Regulation on the procedure for awarding service contracts from Annex II of the Law on Public Procurement, Regulation on the implementation of joint procurement, centralized procurement, and the establishment of a central procurement authority, etc. During 2023, a new information system for central procurement authorities was developed.

As for the institutional set-up, it remains solid with clear functions and responsibilities of specific institutions. Main institutions are Public Procurement Agency and Public Procurement Appeal Office while additional, important role in the system is also within internal audit units, courts of justice and Agency for Protection and Coordination of Fight Against Corruption. More effort should be dedicated to full usage of all the involved institutions and coordination amongst them. All of them are presenting lack of capacity for effective and efficient performance of their tasks.

Furthermore, due to evident collusion of bidders identified by various institutions it is necessary to cooperate also with Competitiveness Council of BiH.

In March 2024, the Council of Ministers of Bosnia and Herzegovina adopted the Public Procurement Strategy in Bosnia and Herzegovina for the period 2024 – 2028 and an Action Plan for its implementation, thus fulfilling one of the recommendations outlined in the 2023 European Commission Report on Bosnia and Herzegovina. Although development and adoption were delayed 4 years, development of the Strategy involved various stakeholders, including some proposals from civil society being incorporated.

Based on the key findings from the situational analysis in the Strategy, 43 measures with 72 specific activities were developed.

Activities will be aimed at improving the legal protection system, harmonizing the existing legal framework with *acquis*, strengthening institutions and professionalization, introducing green, socially and gender-responsible public procurement, further digitalization of the public procurement process, increasing transparency, integrity and quality of the process, introducing centralized public procurement, and empowering micro, small and medium enterprises for equal participation in the public procurement market in Bosnia and Herzegovina.

The strategy adopted key strategic goals that include:

- 1. The system of legal protection is efficient and transparent.*
- 2. Legislation in the field of public procurement is transparent and harmonized with the *acquis*.*
- 3. Public procurement is developed through further digitization and the introduction of modern tools.*
- 4. Monitoring of the public procurement system is an efficient, analytical, informative, transparent and continuous process with the aim of improving the system.*
- 5. The public procurement system ensures a transparent and competitive public procurement market, which is stimulating for small and medium-sized enterprises.*
- 6. Strategic public procurement and secondary policies modeled on EU countries are introduced into the public procurement system.*
- 7. In all phases and areas, measures are introduced into the public procurement system to strengthen integrity, the fight against corruption and provide a general preventive effect.*
- 8. The provision of personnel and material resources and professionalization strengthen the key institutions of the public procurement system, their reputation in the public and the role of public procurement officials.*

6 COMMUNICATION

A national communication plan will ensure the public awareness of the Union Funding for the Reform and Growth Facility for the Western Balkans (RGF) in Bosnia and Herzegovina. The communication and visibility activities envisaged in the national communication plan will be coordinated with the relevant institutional stakeholders in BiH to ensure common and harmonised messages and communication on the policy reforms envisaged under the Facility and the expected/achieved results, as applicable, relevant and feasible, as well as with European Commission and European Union Delegation in BiH.

The RGF-related communication will be under the responsibility of the Department for Economic Planning that is also responsible for coordinating the Economic Reform Programme for BiH, in close cooperation with Directorate for European Integrations (NIPAC), allowing for appropriate integration within the overall communication strategy for EU

Integration. This will maximise the potential for strategic communication on the content of EU-related reforms and align the political communication on the Growth Plan in general. Consequently, synergies will be exploited in order to strengthen the key messages on EU integration and EU support.

Inter-institutional coordination of the communication activities will be assured through a communication network of RGF communication officers from relevant line ministries, and representatives of the Council of Ministers and the Ministry of Finance and Treasury, chaired by the RGF Coordinator.

The national communication plan will have the following overarching objectives:

- *to explain how the EU-related reforms will enable BiH to progress with EU integration in terms of socio-economic growth and progress in fundamentals;*
- *to underline the positive effects that the reforms and investments will bring to BiH citizens and businesses in particular;*
- *to explain the rationale and functioning of the Growth Facility;*
- *to ensure visibility of the EU financing;*
- *to contribute to strategic communication on EU support for Bosnia ad Herzegovina, EU values and EU integration, as well as induce a EU membership prospect to stimulate growth and industrial attractions.*

Specific communication objectives will be defined for each of the policy areas with targeted communication plans for each area implemented by the respective responsible institutions, in line with the national communication plan. The main communication narratives will provide the backbone for the specific campaigns, social media, community management and media relations. These policy-area communication plans shall be coordinated within the RGF communication network and in discussion with the Delegation of the European Union to maximise synergies; these plans will follow closely the steps and planned achievements as set out in the Reform Agenda. Each institution shall be responsible for implementing, monitoring and reporting on the targeted communication plans to DEP.

The plan shall indicate the commitment of the BiH authorities to adhere to the obligations on communication as per the regulation, by ensuring recipients display the emblem of the Union and an appropriate funding statement that reads ‘funded by the European Union’, when promoting the actions and their results.

The target audiences for the national communication plan will principally be: identified stakeholders (including end recipients, economic and social partners and Civil Society Organisations) and the Parliament; the general public (BiH citizens) and the media; more specific target audiences, including identified multipliers (opinion-leaders, specialist media, experts) will be identified for each of the policy areas in the strategy under the specific communication plans.

Comprehensible information to all the above-mentioned target groups will be provided through a dedicated Growth Facility sub-page as well as through institutional websites and the DEP website. Information, communication and publicity shall be provided in accessible formats, in accordance with the UN CRPD Article 9, and EU Directive 2019/882 on accessibility requirements for products and services.

Communication channels shall include audio-visual, social and web media, as well as print media, promotional materials and participation in local events. Dedicated annual communication plans per policy area will identify more precisely the communication activities, including media briefings, articles on major topics, press briefings and audience-based activities to ensure that messages reach all target groups. The communication language and messages will be appropriately addressed to these targeted audiences, with media kits and press materials designed for each policy area, addressed to general and specialised media.

The Communication plan will be shared with the Commission, and joint communication activities organised as appropriate with the Delegation of the European Union during implementation, with an aim to maximising the impact and effectiveness of communication efforts on the RGF and Growth Plan at broad.

The communication strategy is a live document, which will be updated and refined annually by detailed plans, following the state of play of the achievement of milestones and targets across all activities. The annual communication plans will be monitored based on benchmarks, specified in the communication plan.

DEP shall be responsible for monitoring the implementation of the national communication plan, consolidating the monitoring reports on the annual communication plans and for the on-going evaluation of the achievement of benchmarks and key communication performance indicator targets.

7 ANNEXES

ANNEX 1: STEPS AND PAYMENT CONDITIONS BY POLICY AREA

ANNEX 2 – COMMENTS RECEIVED DURING THE CONSULTATION PROCESS

ANNEX 3 – MONITORING DATABASE