


ASSESSING POLITICAL INTEGRITY RULES IN BOSNIA AND HERZEGOVINA

**INTEGRITY WATCH
WESTERN BALKANS & TURKEY**

February, 2025





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Assessing Political Integrity Rules in Bosnia and Herzegovina
IPA-2022-440-922 | Integrity Watch in the Western Balkans and Turkey: civil society combating corruption with political integrity data

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LIST OF ABBREVIATIONS

- CEC** Central Election Commission
- PPA** Public Procurement Agency
- PRB** Procurement Review Body

EXECUTIVE SUMMARY

This report evaluates the political integrity framework in Bosnia and Herzegovina, focusing on asset declarations, political finance, and public procurement. It addresses the systemic weaknesses undermining transparency and accountability in these areas, aiming to inform policy reforms and enhance anti-corruption measures.

The **assessment in the report is done through examination** of the extent, transparency, and accountability of the existing legal frameworks and identifies key strengths and vulnerabilities within each pillar.

The report acknowledges certain limitations, including reliance on available data, which may not fully capture in-formal practices or undocumented activities. the following findings provide a foundation for targeted actions to strengthen governance and build a resilient anti-corruption framework in Bosnia and Herzegovina.

ASSESTS AND INTEREST DECLARATIONS

Strengths

The legal framework for asset and interest declarations in Bosnia and Herzegovina ensures that elected officials are obligated to disclose detailed information about their assets, income, and liabilities. The Election Law provides for asset declarations by elected officials, which also include close family members. Public access to asset declarations of elected officials, allows for a degree of public oversight and scrutiny, enhancing accountability.

Vulnerabilities

While the Election Law mandates asset declarations for elected officials, the legislation on conflict of interest is highly fragmented across different levels—state level, Republika Srpska, the Federation of BiH, and the Brčko Dis-tribut—leading to inconsistent enforcement. This fragmentation undermines effective oversight, as different laws apply to various levels of government and public officials. Moreover, the lack of a central authority responsible for verifying the accuracy of asset declarations significantly limits their effectiveness. In practice, many public officials, especially those not covered by the Election Law, are not held accountable due to these enforcement gaps.

POLITICAL FINANCE

Strengths

The political finance regulations in Bosnia and Herzegovina provide a structured system for political parties to re-port campaign finances and disclose sources of funding. The Election Law and the Law on Political Party Financing mandate reporting and publication of financial statements for political parties, including donations and campaign expenditures. The CEC has a role in auditing these reports, ensuring a level of accountability.

Vulnerabilities

Enforcement of regulations is weak due to CEC’s limited capacity. Political parties often fail to disclose finances fully, and the CEC lacks resources for thorough audits. Regulations inadequately address self-financing and allow loopholes for hiding indirect donations and expenditures. Reliance on donor-funded projects for CEC’s audit staff and technology undermines sustainability. Additionally, political finance data is published in non-machine-readable formats, lacks interoperability, and lacks unified identifiers. The absence of regulations requiring open, machine-readable formats further hampers transparency and accessibility, limiting the effectiveness of the system in ensuring financial accountability.

FAVOURITISM IN PUBLIC CONTRACTING

Strengths

The introduction of mandatory use of the Public Procurement Portal has enhanced transparency, ensuring all procurement activities are accessible to the public in real time in open-data portal. Strengthened rules regarding conflict of interest and impartiality have created a more ethical framework. The institutional oversight provided by the Public Procurement Agency and the Procurement Review Body ensures that there is a structure in place for monitoring procurement processes and resolving disputes, which is critical for improving accountability

Vulnerabilities

While the law encourages transparency, it also allows for less transparent procurement procedures under specific conditions, which can lead to misuse. The absence of detailed regulations regarding contract execution creates gaps in oversight. Additionally, although the PPA and the PRB operate as independent bodies, their limited re-sources hinder effective monitoring and timely response to complaints. Reports indicate a rising number of com-plaints, yet inadequate judicial accountability often fails to address corruption effectively. Electronic submission of bids, electronic opening of bids, and electronic evaluation of bids, as well as enabling the publication of contracts on the E-procurement platform, are processes that have not yet been legally defined.

RECOMMENDATIONS

The findings of this assessment underscore the pressing need for reforms within Bosnia and Herzegovina’s politi-cal integrity framework to address critical gaps in transparency, enforcement, and accountability. Asset declara-tions, political finance, and public procurement regulations exhibit systemic vulnerabilities, under-mining efforts to combat corruption effectively. Although resource constraints and political resistance pose challenges to im-plementing proposed reforms, policy makers and policy implementers should prioritise harmonization, resource allocation, and the adoption of open data practices, to enhance the credibility and functionality of the existing frameworks.

- **The Republika Srpska National Assembly and the Federation of Bosnia and Herzegovina Parlia-ment** should harmonize conflict of interest legal frameworks across all administrative levels to eliminate inconsistencies and enhance regulatory clarity.
- **Council of Ministers and Parliamentary Assembly** should empower oversight bodies such as the CEC, PPA, and PRB with sufficient resources and operational independence to enforce regulations effectively.
- **The Election Law** should mandate the adoption of machine-readable data formats for the publication of asset declarations and financial reports information to improve accessibility and transparency.
- Strengthen enforcement mechanisms by introducing stricter sanctions for non-compliance, such as higher fines and the disqualification of public officials for repeated violations.
- **Central Election Commission and Public Procurement Agency** should establish centralized databases to con-solidate information on asset declarations, political finance, and procurement, ensuring better cross-referencing and analysis.
- Enhance the capacity for regular audits and verification processes, particularly for political finance and public procurement, by expanding training programs and leveraging technology.
- **Civil society organizations, in cooperation with independent institutions**, should advocate for civic education and public awareness campaigns to promote accountability and encourage citizen engagement in monitoring political integrity.

Implementing these recommendations is crucial for fostering public trust, attracting foreign investment, and ad-vancing Bosnia and Herzegovina’s European integration goals. The study emphasizes the role of collabora-tion among policymakers, civil society, and international organizations to achieve sustainable progress in combating corruption.

INTRODUCTION

Political integrity is essential for fostering trust in governance and ensuring the transparent, accountable, and ethical functioning of public institutions. Bosnia and Herzegovina (BiH) presents a unique context for examining political integrity due to its complex administrative structure and the challenges posed by its fragmented legal framework. Previous studies have highlighted systemic weaknesses in areas such as asset declarations, political finance, and public procurement, underscoring significant enforcement gaps. These gaps have led to limited deterrence against corruption and diminished public trust in governance. While legal frameworks exist, their fragmented implementation and weak institutional capacity have obstructed their effectiveness, necessitating further exploration to address these challenges comprehensively.

The research focuses on critical issues within BiH's political integrity framework, such as the inadequacy of asset declaration verification, the limited oversight of political finance, and persistent favouritism in public procurement. These challenges are exacerbated by insufficient resources, political interference, and the lack of a unified regulatory approach across the state, entity, and cantonal levels. By addressing these issues, this study aims to contribute to a deeper understanding of the factors undermining political integrity and to propose actionable recommendations for improvement.

The primary objective of this research is to assess the current state of political integrity regulations in BiH, identify gaps and vulnerabilities in enforcement, and provide evidence-based recommendations for strengthening transparency and accountability. Report seeks to evaluate the effectiveness of existing legal frameworks, highlight best practices, and explore opportunities for reform to combat corruption and enhance public trust.

This research is significant as it provides insights into the structural and operational deficiencies within BiH's political integrity framework, contributing to the broader discourse on anti-corruption measures. By identifying key challenges and proposing practical solutions, the Report aims to inform policymakers, civil society, and international stakeholders on strategies to strengthen governance in BiH. The Report is structured to provide a detailed assessment of asset declarations, political finance, and public procurement, followed by recommendations and conclusions.

METHODOLOGY

The methodology for this assessment is based on the Integrity Watch framework developed by the Transparency International Secretariat (TI-S). It is designed to evaluate the political integrity regulations in selected countries, with a specific focus on asset and interest declarations, political finance, and public contracting and licensing. The aim is to identify regulatory gaps, assess the effectiveness of existing frameworks, and provide actionable recommendations to improve transparency and accountability.

1. Data Collection



The assessment relies on both primary and secondary sources of data:

- **Primary Data:** Collection of laws, bylaws, rulings, and decisions applicable to political integrity, including asset declarations, political finance regulations, and public contracting rules. This includes the most recent legislative amendments and their practical implications.
- **Secondary Data:** Reports, analyses, and databases, especially from Integrity Watch's own platform and government portals, were reviewed to supplement factual data on political integrity.

2. Scope of Analysis



Three main topics were selected for analysis:

- **Asset and Interest Declarations:** This involves evaluating the comprehensiveness of rules requiring public officials to declare assets and interests, with particular focus on high-risk officials such as Politically Exposed Persons (PEPs).
- **Political Finance:** This includes examining regulations governing political donations, campaign financing, and the influence of third parties in elections and political decision-making.
- **Public Contracting and Licensing:** This area focuses on the potential for conflicts of interest in public procurement processes and the role of political connections in the issuance of licenses.

3. Assessment Dimensions



The questionnaire assesses each set of regulations across 12 dimensions, categorized into three main groups:

- **Extent:** Evaluates the existence and scope of the regulations.
- **Transparency:** Examines the accessibility, comprehensiveness, and reliability of the disclosed information.
- **Accountability:** Assesses the strength of compliance mechanisms, enforcement agencies, and sanctions for breaches of political integrity.

4. Evaluation Criteria



Each aspect of the regulations is rated on a four-point scale:

- **Not at all**
- **Some extent**
- **Most extent**
- **Full extent**

This scale allows the assessment to measure the level of implementation and effectiveness of regulations, considering both the written laws and their application in practice.

5. Validation



To ensure the accuracy of the assessment, all findings were cross-referenced with relevant stakeholders and publicly available data sources. Peer consultations were conducted where necessary to substantiate findings, and recommendations were formulated based on the results.

6. Recommendations



For each dimension assessed, up to three recommendations are provided. These recommendations target regulatory improvements, practical enhancements in enforcement mechanisms, and strategies to close existing loop-holes. Each recommendation is addressed to the appropriate agency, such as the Ethics Committee, oversight bodies, or lawmakers.

7. Regional Comparisons



The methodology allows for a comparative analysis across countries in the region, identifying best practices and weaknesses in political integrity regulations. This comparative approach aims to foster a shared learning environment for the adoption of robust anti-corruption measures.

LIST OF INDICATORS AND SUB-INDICATORS

Pillar 1: Asset and Interest Declarations

Main Indicators:

1. **Extent**
 - Existence of regulations governing asset and interest declarations.
 - Goals of the regulations (e.g., conflict of interest prevention).
 - Scope of regulations (e.g., high-risk officials, family members).
2. **Transparency**
 - Comprehensiveness of declarations (e.g., disclosure of assets, employment, secondary income).
 - Reliability (e.g., updates, inclusion of family interests).
 - Timeliness (submission deadlines and publication requirements).
 - Openness (public access, centralized platforms, searchability).
3. **Accountability**
 - Compliance systems (support for accurate reporting, electronic submission).
 - Empowered agencies (independent oversight and verification).
 - Verification mechanisms (audits, cross-referencing with other data).
 - Deterrence (sanctions for non-compliance, effectiveness of enforcement).

Sub-Indicators:

- Laws and bylaws relevant to asset declarations.
- Compliance with updates (e.g., frequency, family members' inclusion).
- Existence of public access to asset declarations.
- Presence of a dedicated agency for overseeing declarations.

Pillar 2: Political Finance

Main Indicators:

1. **Extent**
 - Existence of regulations for political finance (laws, dates of enforcement).
 - Goals (leveling the playing field, curbing undue influence).
 - Scope (reporting obligations for parties, candidates, legal entities).
2. **Transparency**
 - Comprehensiveness (reporting of income, expenses, donations).
 - Reliability (bookkeeping, financial controls, audit reports).
 - Timeliness (campaign and annual reporting deadlines).
 - Openness (public access to political finance reports, centralization).
3. **Accountability**
 - Compliance systems (facilitation of accurate reporting).
 - Empowered agency (functional independence, funding for enforcement).
 - Verification (audits, third-party collaboration for cross-checks).
 - Deterrence (sanctions for breaches, complaint mechanisms).

Sub-Indicators:

- Laws on financial transparency for political parties.
- Requirements for timely submission of campaign finance reports.
- Accessibility of political finance data to the public.
- Presence of sanctions for non-compliance with political finance rules.

Pillar 3: Favouritism in Public Contracting and Licencing

Main Indicators:

- 1. Extent
 - Existence of regulations for ethical public procurement.
 - Restrictions on officials (conflict of interest rules, revolving door policies).
 - Influencing (disclosure of political engagement by contractors).
- 2. Transparency
 - Comprehensiveness (disclosure of procurement details, contractor contributions).
 - Timeliness (publication of procurement information in open formats).
- 3. Accountability
 - Verification (cross-checking procurement declarations with political finance data).
 - Deterrence (sanctions for non-compliance, redress mechanisms for breaches).

Sub-Indicators:

- Laws on public procurement/licencing ethics.
- Disclosure obligations for contractors (e.g., political donations).
- Existence of procurement oversight agencies.
- Sanctions for conflict-of-interest violations in procurement.

ASSESSMENT RESULTS

TOPIC 1: ASSET AND INTEREST DECLARATIONS

1.1. Extent

1.1 Existence

Information required

List the laws, policies, or regulations governing the collection or reporting, verification, publication and appropriate accountability of Asset and Interest Declarations (or equivalent), and management of conflicts of interest particularly in public contracting and licencing, of at least the ones that are applicable to the level or sector of government used in your data selection, indicating:

- a. links to or digital copies of documents
- b. When were they first passed/did first enter into force? (dates)
- c. When were last amended, and what specific issues were addressed by such amendments (dates)

Description

- Election Law Bosnia and Herzegovina¹ („Official Gazette of Bosnia and Herzegovina“, no. 23/01, 7/02, 9/02, 20/02, 25/02, 4/04, 20/04, 25/05, 52/05, 65/05, 77/05, 11/06, 23/06, 23, 07, 2008 32/10, 18/13, 7/14, 31/16, 41/20, 38/22, 51/22, 67/22, 24/24)
- Instructions on the layout and method of filling in the form of declaration of assets² (“Official Gazette of Bosnia and Herzegovina” 56/17, 4/21)
- Law on Conflict of Interest Bosnia and Herzegovina³ („Official Gazette of Bosnia and Herzegovina“, no. 18/24)

1 https://www.izbori.ba/Documents/documents/ZAKONI/BiH_Election_Law_last_consolidated_version.pdf?v=4
2 https://www.izbori.ba/Documents/2017/7/21/Uputstvo_o_izgledu_i_nacinu_ispunjavanja_obrasca_izjave_o_imovinskom_stanju-bos.pdf
https://www.izbori.ba/Documents/2021/Uputstvo_o_izmjeni_Uputstva_o_izgledu_i_nacinu_ispunjavanja_obrasca_izjave_o_imovinskom_stanju-bos.pdf
3 <http://www.sluzbenilist.ba/page/akt/3fEplgtz5k76kjin45hVDUNs=>

- *Law on Conflict of Interest in Republika Srpska*⁴ („Official Gazette of Republika Srpska“, no. 73/08, 52/14, 90/23)
- *Law on Conflict of Interest in Federation of BiH*⁵ („Official Gazette of Federation of BiH“, no. 70/08)
- *Law on Conflict of Interest in Brčko district BiH*⁶ („Official Gazette of Brčko distrikt BiH“, 4/21)
- *Law on public procurement of Bosnia and Herzegovina*⁷ („Official Gazette of Bosnia and Herzegovina“, no. 39/14, 59/22 i 50/24)

1.2 Goals

Overall question(s) (intended as summary)

To what extent do the regulations provide for the following goals:

- prevention of conflicts of interests.
- detection of variations in wealth of the senior, high-risk, elected and appointed public officials (e.g. PEP); and
- increasing public scrutiny and bolstering confidence in the integrity of public officials?

Assessment

- a. Due to the complex political system of Bosnia and Herzegovina, conflict of interest is defined by different laws and sub-laws at the state level, in the Federation of Bosnia and Herzegovina, Republika Srpska, and the Brčko District. This fragmentation significantly hinders effective enforcement and oversight.
- b. While regulations mandate public officials to declare their financial status, the lack of consistent enforcement mechanisms, particularly in the Federation where law enforcement has been inactive for nearly 11 years, renders wealth detection efforts limited. This gap undermines the ability to identify potential irregularities.
- c. Although mechanisms for public oversight, such as asset declarations, exist, transparency is lacking. Most reports are not publicly disclosed, with exceptions for elected officials' declarations published by the Central Election Commission. However, CEC is not responsible for the accuracy of the information. Consequently, public trust remains low, and the extent of increased public scrutiny is only minimal.

4 https://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/muls/Docs/uments/%D0%97%D0%B0%D0%BA%D0%BE%D0%BD%20%D0%BE%20%D1%81%D0%BF%D1%80%D0%B51%87%D0%B0%D0%B2%D0%B0%D1%9A%D1%83%20%D1%81%D1%83%D0%BA%D0%BE%D0%B1%D0%B0%20%D0%B8%D0%BD%D1%82%D0%B5%D1%82%D0%B5%D1%81%D0%B0_035406439.pdf

<https://www.narodnaskupninars.net/?q=la/akti/usvojeni-za-koni/zakon-o-dopuni-zakona-o-spre%4C8Davaniu-sukoba-interesa-u-organima-vlasti-republike-srpske>

5 <https://www.fbihvlada.gov.ba/bosanski/zakoni/2008/zakoni/28hrv.htm>

6 <https://skupstina.ba/ba/ba/zakon.html?lang=ba&id=/Zakon%20o%20spec-avanju%20sukoba%20interes%20u%20institucijama%20Br-c-ko%20Distrikta%20BiH>

7 <https://www.javnenaব্যবহাৰে.gov.ba/bs-latn-ba/legislation?page=1&rows=9&searchByTaxonomyValueIds=10>

1.3 Scope

Assessment question(s)

To what extent do regulations unambiguously define the re-sponsibility for officials at the most at-risk agencies and positions to submit interest and asset declarations, including:

- a. At-risk high-level officials (PEPs)
- b. Elected officials (national, subnational)
- c. Family: partners, children
- d. Associates

Assessment

- a. Holders of public offices in high positions (presidents of the country, entity presidents, members of the parliaments, municipality and city mayors,) are obliged to submit a de-tailed report on their financial situation within 30 days of assuming office.
- b. For elected officials at all levels of government (national, entity, cantonal and local), the Election Law clearly stipulates that they are required to submit reports on their assets within 30 days of taking office. This obligation includes reporting all immovable and movable property, income, debts and shares. These reports are updated annually
- c. Election Law defines that the statement should include the property situation of the candidates and close members of his or her family: spouse, children and members of the family household whom it is the candidate's legal obligation to sustain.
- d. Associates and close business partners are not directly covered by the reporting obligation, unless they have a legal relationship or are listed as family members.

1.4 Recommendations

Assessment question(s)

If that's the case, propose up to three recommendations, like new laws, amendments to existing laws and other forms of regulation, aimed at addressing the lack of regulation for assets and interest declarations.

Recommendations

1. *Revise the legal framework governing conflicts of interest to conform to international standards*
2. *Introducing the obligation to submit property records for public office holders and establishing effective control through administrative, disciplinary and criminal*
3. *Increase monetary sanctions and introduce additional sanctions such as dismissal from office and annulment of an act that occurred in a situation of violation of the law*

1.2. Transparency

2.1 Comprehensiveness

Assessment question(s)

To what extent are reporting obligations sufficiently comprehensive to enable the detection of:

- a. ...conflicts of interest, by requiring declaration of secondary employment; prior remunerated positions in companies and other outside activities; shares and stocks in companies, beneficial ownership in companies, securities, and others relevant?
- b. ...unexplained variation of wealth, by requiring the value of bank deposits, cash, immovable assets; movable assets, including art, stocks, securities, and gifts, among others relevant?

Indicator assessment

- a. *The reporting obligations established in Article 15.7 of Election Law require candidates to submit a comprehensive statement of their financial status, which includes current income and sources of income in the past calendar year, and property valued over BAM 5,000. While these obligations provide a foundation for transparency, they do not explicitly require prior remunerated positions or beneficial ownership in companies. Furthermore, the enforcement of these reporting obligations is primarily the responsibility of the CEC, which does not verify the accuracy of the submitted statements. This lack of accountability, combined with the absence of explicit requirements for certain disclosures, results in the reporting obligations being not really effective*
- b. *The requirements to report the value of property, including bank accounts, cash, and property and possessions which exceed BAM 5.0000, provide a framework for identifying unexplained wealth variations. Candidates must disclose their financial situation and that of close family members, which adds some depth to the reporting process. However, due to insufficient enforcement mechanisms and the CEC's lack of responsibility for the accuracy of these declarations, the effectiveness is also mostly compromised.*

Assessment question(s)

Are information on previous employment, affiliations, ownership, relationships, and interests of contracting and/or licencing authorities required to be disclosed as part of regular Asset and Interest declaration?

Indicator assessment

The electoral law, specifically Article 15.7, outlines the obligations of elected candidates to disclose their total property situation, including current income and sources of income, property values, and liabilities. However, it does not explicitly require the disclosure of previous employment, affiliations, ownership, or personal relationships related to contracting authorities.

Note:
1. Reply only with regard to either public contracting or licencing, depending on which data you work with.
2. If you prefer, reply while addressing questions for Topic 3.

Assessment question(s)

Are contracting and/or licencing authorities required make ad hoc declarations of no-conflicts of interests (sworn statements, affidavits, etc.) on the relationships they have with specific bidders or applicants at the onset of contracting and licencing procedures, as appropriate?

Indicator assessment

Under the Public Procurement Law, representative of contracting authorities are required to address conflicts of interest through formal declarations. Specifically, representatives of contracting authorities, including executives, members of governing bodies, and procurement commission members, must sign statements regarding the existence or non-existence of conflicts of interest. Furthermore, representatives are obliged to update these declarations promptly if there are any changes in their relationships with bidders. Based on these statements, contracting authorities are required to publish a list on their websites of economic operators with whom their representatives are in a conflict of interest or to confirm that no such conflicts exist. This list is also included in the tender documentation for specific procurement procedures.

Note:
1. Reply only with regard to either public contracting or licencing, depending on which data you work with.
2. If you prefer, reply while addressing questions for Topic 3.

2.2 Reliability

Assessment question(s)

- To what extent do regulations provide for the collection and reporting of...
- a. information to be submitted by public officials themselves?
 - b. regular updates of significant changes in assets or interests?
 - c. declarations to include assets and interests of family (e.g. spouses) and other associates?

Indicator assessment

- a. *Candidates elected to all levels of authority are mandated to submit a signed statement of their total asset situation within 30 days of mandate verification. This declaration must be submitted electronically via an asset declaration application, accompanied by a printed and signed copy sent to CEC.*
- b. *The regulations do not explicitly require regular updates on significant changes in assets or interests after the initial submission. Elected officials are required to submit statement of their property situation to CEC 30 days after the expiration of the mandate for which they have been elected, as well as in the case of termination of the mandate*
- c. *The Law stipulate that declarations must include the financial situation of the officials' spouses and children. This encompasses current income, sources of income from the previous calendar year, assets exceeding BAM 5,000, and liabilities.*

2.3 Timeliness

Assessment question(s)

- To what extent do regulations set clear and reasonable timelines for:
- a. the submission of declarations?
 - b. their publication?
 - c. declaration and publication of regular updates?

Indicator assessment

- a. *Election law stipulates that elected officials must submit a report on their financial status and assets within 30 days from the day of publication of the verification of mandates.*
- b. *Although elected officials are required to submit reports, the law does not specify the time frame for their public publication. This gap can make transparency and access to information about the assets of public officials more difficult.*
- c. *There are no clear provisions on declaration of regular up-dates*

2.4 Openness

Assessment question(s)

Does an agency, public or otherwise, effectively publish the information thus received 1) online, 2) in a centralised location so that it is easily located, in formats that are 3) downloadable, 4) comparable, and 5) searchable by the public, in 6) user-friendly platforms, and 7) free-of-charge manner? To what extent the exceptions to the publication of the information are minimal and well justified?

Indicator assessment

Central Election Commission publishes each asset declaration individually. They are published online, in centralised location, downloadable. They are not comparable, they would have to be in one single document for that, they are searchable, but not very user friendly. They are free of charge. This only applies to elected officials.

When it comes to all public officials, on the state level Central Register isn't yet created, there is no register on Federation of BiH or Republika Srpska. Brčko district has publicly available register, as well as some cantons.

2.5 Cross comparison and data quality

Assessment question(s)

- Is the regulation specific on open data standards that could allow detection of political corruption risk? For example, but not limited to:
- a) Minimum information required.
 - b) Unique identifiers that for cross comparison with other datasets
 - c) Open and machine-readable formats

Indicator assessment

The asset declaration form contains the information that should be filled. There are no unique identifiers for cross comparison with other datasets. It is open and in non-machine readable format, but the data isn't merged in one downloadable document, there is a document for each person.

2.6 Recommendations

Assessment question(s)

Propose recommendations, like new laws, amendments to existing laws and other forms of regulation, aimed at addressing transparency gaps on assets and interest declarations. (Up to three recommendations)

Recommendations

- 1. Implement unique identifiers for each public office holder to be used in all relevant databases. This will enable more efficient data search and verification
- 2. Publishing of assets and interest declarations in a machine-readable format
- 3. Establish the obligation to regularly update asset declarations when there is a change in property.

1.3. Accountability

3.1 Compliance systems

Assessment question(s)

To what extent do existing systems facilitate reporting? Do regulations empower an agency or official to facilitate tools for the accurate and timely reporting and publication of required data, through e.g. advisory services, electronic reporting and disclosure systems (clear formats, automatised, web-based)

Indicator assessment

The instructions⁸ prescribe the appearance and manner of the declaration of assets of elected officials. There is also an application for electronic data entry. It is not automatized, it is web based but elected officials also have to deliver a signed copy. Instruction contains all the information on how the official should fill out the property register. There is not envisaged training by employees of the CEC.

3.2 Empowered agency

Assessment question(s)

To what extent do regulations clearly endow an agency with functional independence and a mandate to ensure monitoring the implementation of regulations, timely conduct of verifications, investigations and sanctioning in cases of non-compliance, as well as adequate funding to train and professionalize staff on the job and keep up appropriate technology?

Indicator assessment

According to Election Law, the CEC is required to make asset declaration publicly available but is not responsible for verifying the accuracy of the information. In terms of sanctioning non-compliance, Law outlines penalties for officials who fail to submit their property declarations, with fines ranging from KM 300 to KM 3,000. However, the scope of sanctions appears to be relatively narrow, and there is no clear mandate for the

⁸ Instruction on the appearance and method of filling out the declaration of assets form: https://www.izbori.ba/Documents/izbori/podzakonski_akti/uputstvo_o_izgledu_i_nacinu_ispunjavanja_obrasca_izjave_o_imovinskom_stanju-precisceni_tekst_b.pdf
User's guide for online electronic filling of the Statement of Assets form for elected officials: https://www.izbori.ba/Documents/2021/Uputstvo_aplikacija_imovinski_kartoni-bos.pdf

CEC to conduct investigations into discrepancies or omissions in the submitted forms.
Due to insufficient budget allocations, most training programs and technology systems are implemented through donor-funded activities and projects, rather than through sustainable, state-supported mechanisms.

3.3 Verification

Assessment question(s)

Do(es) agency(ies) invest resources to verify declarations? To what extent does the agency effectively verify the information received, request missing or additional information, conduct audits, and engage with other agencies or external parties to verify information received as necessary?

Indicator assessment

Elected official uses an electronic application to submit a completed declaration form to the CEC BiH, after which a property card is printed, signed, and sent for verification. Upon receipt of the property card, the officials of the CEC BiH will compare the data of the printed copy with the database and, in case of identity, verify the property card⁹. It is possible to modify and add information in the property register until it has been verified. Once verified, the information can be reviewed but not changed
Election Law prescribes that the CEC shall not be responsible for accuracy of data or complaints regarding the information contained in the forms. Since it does not have the authority to verify the accuracy of information submitted in the asset declarations, CEC does not undertake any verification process and does not collaborate on information exchange with other institutions when it comes to sharing data.

Assessment question(s)

Do the regulations effectively mandate the agency to cross-reference information from Asset and Interest Declarations and/or additional ad-hoc disclosures by contracting authorities with beneficial ownership and business registries of companies that are government suppliers, bidders and licencing applicants?

Indicator assessment

No, the regulations do not effectively require CEC to compare information from declarations of assets and interests or ad-hoc disclosures by contracting authorities with beneficial ownership registers and business registers of companies that are government suppliers, bidders or license applicants.

Note:
1. Reply only with regard to either public contracting or licencing, depending on which data you work with.
2. If you prefer, reply while addressing questions for Topic 3.

⁹ User Guide for Online Electronic Completion Form of Property Statement for Selected Officials
https://www.izbori.ba/Documents/2021/Uputstvo_aplikacija_imovinski_kartoni-bos.pdf

3.4 Deterrence

Assessment question(s)

To what extent does the agency credibly implement regulations and complaint systems, verification and other scrutiny to foster compliance?
To what extent sanctions against public officials, both administrative and criminal, are proportionate to the gravity of the infringement detected?

Assessment

CEC has implemented a system for receiving asset declarations from elected officials, but there are significant gaps in ensuring compliance and fostering accountability. While asset declarations must be submitted electronically and are tracked, there is no verification process in place to detect inaccuracies or investigate potential discrepancies. Sanctions for non-compliance, such as failing to submit declarations, are administrative fines ranging from BAM 300 to BAM 3,000, which are relatively low and unlikely to serve as an effective deterrent.
In practice, the CEC has imposed fines on officials who failed to submit their asset declarations, but these penalties are minimal compared to the gravity of potential violations. For example, in 2023, only a few officials faced fines of BAM 500 for not submitting their forms, which undermines the credibility of the system. Although the CEC collects data and conducts follow-up actions, the lack of verification and weak sanctions limit its ability to ensure proper compliance and accountability.

3.5 Redress

Assessment question(s)

To what extent do rules enable adequate resolution of cases?
When there is failure to submit declarations, or when conflicts of interest are disclosed or detected, how adequate are the rules for managing them in practice?
When undeclared or unexplained changes in assets are detected, how adequate are the rules to investigate and prosecute them in practice?

Assessment

Failure to submit asset declarations for elected officials is punishable by minimal fines and unlikely to act as a strong deterrent. Although the CEC has taken steps to impose fines on non-compliant elected officials, these penalties are limited to administrative sanctions and do not include further investigation into potential discrepancies in declared assets. CEC is not responsible for verifying the accuracy of submitted data, and there is no framework to handle such cases comprehensively.
The rules for resolving cases of conflict of interest in BiH are complicated by the country's decentralized political system, with different bodies responsible for enforcement at various levels of government. The new commission for determining conflicts of interest at the state level has not yet been fully operational, showing dysfunctionality and political blockages. In 2023, commission at this level held only two sessions and did not impose any sanctions or initiate proceedings, as political interference repeatedly delayed meetings.

At the FBiH level, there has been no functioning institution to manage conflicts of interest since 2013. In Republika Srpska, although the commission is operational, it is largely ineffective, with decisions often differing even in identical cases, and many conflicts of interest dismissed due to lack of evidence or poor documentation of votes.
The Brčko District, however, shows a more functional approach. The Commission for the Prevention of Conflicts of Interest in Brčko held 33 sessions in 2023, initiating 75 proceedings and issuing sanctions, including fines, suspensions of salaries, and one proposal for dismissal from office.

Assessment question(s)

To what extent do measures such as recusal, resignation, divestiture, reassignment, termination, etc. adequately help manage conflicts of interest by contracting authorities in public contracting and licensing procedures?
Are civil, administrative, and criminal sanctions -such as contracts null and void, fines, debarment, or recovery of funds, etc- adequate or proportionate to redress instances of favouritism or conflicts of interest in public contracting and licensing procedures?

Assessment

The representative of the contracting authority is obliged to exclude himself from the public procurement procedure immediately upon learning about the existence of a conflict of interest and to inform the head of the contracting authority thereof. Each candidate/bidder is obliged to submit a special written statement certified by the competent authority along with the offer that he did not offer a bribe or participate in any actions aimed at corruption in the public procurement in question. A public procurement contract concluded contrary to the provisions of article related to conflict of interest is null and void.

Note:
1. Reply only with regard to either public contracting or licensing, depending on which data you work with.
2. If you prefer, reply while addressing questions for Topic 3.

3.6 Recommendations

Assessment question(s)

Propose recommendations, like new laws, amendments to existing laws and other forms of regulation, aimed at addressing accountability gaps on assets and interest declarations. (Up to three recommendations)

Recommendations

- 1. Clearly defined procedures for investigations and verifications should be adopted
- 2. CEC should be empowered to cooperate with other institutions, such as tax authorities and law enforcement agencies, in order to carry out detailed checks on asset declarations.
- 3. It is necessary to harmonize the laws with the aim of eliminating differences regarding persons to whom the laws apply and situations that lead to conflicts of interest

Pillar Recommendations

- Revise the legal framework governing conflicts of interest to conform to international standards
- It is necessary to harmonize the laws with the aim of eliminating differences regarding per-sons to whom the laws apply and situations that lead to conflicts of interest
- Publishing of assets and interest declarations in a machine-readable format
- Implement unique identifiers for each public office holder to be used in all relevant databases. This will enable more efficient data search and verification
- Establish the obligation to regularly update asset declarations when there is a change in prop-erty.
- Clearly defined procedures for investigations and verifications should be adopted
- CEC should be empowered to cooperate with other institutions, such as tax authori-ties and law enforcement agencies, in order to carry out detailed checks on asset dec-larations.
- Introducing the obligation to submit property records for public office holders and establishing effective control through administrative, disciplinary and criminal
- Increase monetary sanctions and introduce additional sanctions such as dismissal from office and annulment of an act that occurred in a situation of violation of the law

TOPIC 2: POLITICAL FINANCE¹⁰

2.1. Extent

1.1 Existence

Background information required

List the laws, policies, or regulations governing the recording, reporting, verification, publication, and accountability for political finance information, indicating:

- Links to or digital copies of documents
- When were they first passed/did first enter into force? (dates)
- When last amended, what specific issues were addressed (indicate dates)

Description

- *Election Law Bosnia and Herzegovina*¹¹ (Official Gazette of BiH 23/01, 7/02, 9/02, 20/02, 25/02, 4/04, 20/04, 25/05, 52/05, 65/05, 77/05, 11/06, 24/06, 32/07, 33/08, 37/08, 32/10, 18/13, 7/14, 31/16, 41/20, 38/22, 51/22, 67/22, 24/24) CHAPTER 15: Campaign financing
- *Law on political party financing*¹² (Official Gazette of BiH 95/12, 41/16)
- *Rulebook on annual financial reports of political parties*¹³ ("Official Gazette of BiH", 96/13, 89/16, 5/22, 2024)
- *Rulebook on pre-election and post-election financial reports and reports on the circulation of a special account for financing the election campaign of political parties*¹⁴ ("Official Gazette of BiH", 2024)

10 You can draw from Bringing the Receipts and the NIS report, supplementing with more current or additional information as appropriate: <https://www.transparency.org/en/publications/bringing-the-receipts-political-finance-transparency-in-the-western-balkans-and-t%C3%BCrkiye>

11 https://www.izbori.ba/Documents/documents/ZAKONI/BiH_Election_Law_last_consolidated_version.pdf?v=4

12 https://www.izbori.ba/Documents/2016/Finansiranje_politickih_partija/Zakon/Nesluzbeni_precisceni_tekst-ZOFPS.pdf

13 https://www.izbori.ba/Documents/izbori/podzakonski_akti/pravilnik_o_godisnjim_finansijskim_izvjestajima_politickih_stranaka-precisceni_tekst_b.pdf

14 https://www.izbori.ba/Documents/izbori/podzakonski_akti/pravilnik_o_predizbornim_i_postizbornim_finansijskim_izvjestajima_i_izvjestajima_o_prometu_posebnog_racuna_za_finansiranje_izborne_kampanje_pol_str_h.pdf

1.2 Goals

Summary question(s) (intended as summary)

Does the regulation adequately provide for, overall:

- a. ...levelling the playing field for political contestation for po-litical parties and candidates --during and outside election periods?
- b. ...curbing undue influence of vested interests (govt, private, foreign, criminal, etc) on election outcomes and policy de-cisions?

Assessment

- a. *Election Law of Bosnia and Herzegovina*
Recent amendments to the Election Law introduced measures to address the misuse of public resources, but since these changes were implemented just two months before the elections were called, they have posed challenges in their application. The inconsistent interpretation of these provisions has further complicated the ability to level the playing field for all political actors.
- b. *Curbing undue influence of vested interests (govt, private, foreign, criminal, etc.) on election outcomes and policy de-cisions:*
While the Law on Political Party Financing and related rulebooks set out reporting requirements and restrictions on donations, there remain concerns about the potential for influence from vested in-terests, especially given the difficulty in tracking indirect contributions and enforcing limitations on foreign or private sector involvement. The rules are in place, but the enforcement and transparency mechanisms are not good enough to fully curb undue influence on election outcomes and policy decisions.

1.3 Scopes

Assessment question(s)

Does the regulation’s scope establish reporting and disclosure obligations applicable to:

- a. Political parties (organisations)
- b. Candidates (party lists and independents)
- c. Third parties (un/coordinated)
- d. Legal entities making donations
- e. Media outlets (print, broadcast, online)
- f. Online platforms (search engines, social networks, messaging services, etc)
- g. Political consulting companies
- h. Others

Assessment

- a. *Political parties are required to submit an annual financial report by March 31st of the following year, a pre-election financial report covering the three months prior to submitting candidacy, a report on the transactions of the special campaign account including donations and expenses, and a post-election financial report from the day of candidacy submission to the certification of election results.*
- b. *Candidates, whether on party lists or independents, are subject to same obligations as political parties.*
- c. *It is prohibited to give contributions in cash or in kind con-tributions through third persons (by a proxy).*
- d. *Political parties are obliged to report and publish contribu-tions from legal entities and natural persons. CEC also pub-lish financial reports.*
- e. *A political entity is required to report and publish the costs of printing pre-election ads, declarations, announcements, etc., in public and online media, while bylaws mandate that the prices for political advertising on radio and TV must be the same for all political entities, with rate cards submitted to the Regulatory Agency for Communications and certified political entities 15 days before the official start of the election campaign.*
- f. *The law requires political entities to report and publish costs for pre-election announcements, state-ments, etc., in public and online media, while online media covering the election campaign must ensure public transparency regarding their ownership and adhere to established principles.*
- g. *Political consulting companies are not recognized by the legislation, but political parties are required to report and publish their expenses.*

1.4 Recommendations

Assessment question(s)

Recommendations, like new laws, amendments to existing laws and other forms of regulation, that in your view fill the regulation gaps for political finance. (Up to three recommendations)

Recommendations

- 1. *Expand prohibited sources of contributions to include addi-tional public bodies and legal entities receiving government incentives*
- 2. *Enable fully digital submission of reports to reduce admin-istrative burdens and facilitate monitoring.*
- 3. *Define in the Law the deadlines and content of detailed re-ports (including all transactions) that political parties must publish on their websites, as well as sanctions*

1.2. Transparency

2.1 Comprehensiveness

Assessment question(s)

Do regulations establish that obligated subjects must timely record and report to a designated agency:

- a. Income transactions, both monetary and in-kind, with the identification of the sources of public subsidies and private donations, loans, discounts, credits, in kind and monetary, incl. beneficial owners in case of legal entities;
- b. distinguishing campaign periods;
- c. Itemised expenditure transactions with the identifica-tion of vendors against which expendi-tures are in-curred, distinguishing campaign periods;
- d. the clear concept, date, and value (cash or in-kind) of each income and expenditure transaction (e.g. political consultancy, advertising, etc)

Indicator assessment

Political parties and independent candidates are required to record and report financial transactions related to election campaigns. These reports must include:

- a. Yes, both monetary and in-kind contributions, identifying sources such as public budget, private donations, loans, etc. Beneficial owners’ issue is not regulated.
- b. Yes, post-election financial report including period from the day of candidacy submission to the certification of election results.
- c. Political entities are required to detail all expenditures, identifying vendors and specifying the services provided (e.g., costs for printing and distribution of posters, printing costs for pre-election an-nouncements, statements and so on, in the public and online media, organizational and opera-tional costs for organizing rallies, costs for printing, reproducing and delivering pre-election materi-als directly to voters...).
- d. Reports must clearly state the donor/supplier, date, and value of each income and expenditure transaction, including cash and in-kind contributions. Political entities must use a special bank account exclusively for campaign expenses and report transactions through this account before and after elections. Failure to comply with these reporting obligations results in sanctions, and financial reports are subject to oversight by the CEC.

2.2 Reliability

Assessment question(s)

Do regulations effectively compel to -at least- political parties, candidates and third parties to apply minimum controls, such as:

- a. essential bookkeeping (incl. by treasurers or accounting professionals);
- b. manage cash flows through dedicated bank accounts;
- c. due diligence checks before accepting the donations or expenditures;
- d. audited financial reports

Assessment

- a. Political parties must submit annual financial reports. Along with these reports, political parties are required to submit annual financial statements verified by authorized institutions.
- b. Regulations require political parties to report transactions from designated accounts only apply to election campaigns. It does not address issues like multiple bank accounts or unreported expenses outside of campaign periods, allowing for the continued use of cash and untracked funds, complicat-ing oversight.
- c. Due diligence checks are not explicitly mentioned in regulations.
- d. CEC has an audit service that reviews and controls the financial reports submitted by political parties, ensuring compliance with the Law on Political Party Financing.

2.3 Timeliness

Assessment question(s)

Do regulations effectively provide for the submission of reports and their publication within reason-able timelines, namely:

- a. Campaign interim reports for candidates, political parties and third parties, both income and expenditure incl. individual transactions (fortnightly or as possible as in real time in election campaigns.
- b. Campaign period reports by candidates, parties and third parties (after election day);
- c. Annual report incl. financial statements for political parties.

Assessment

- a) Political parties and candidates are required to submit a fi-nancial report three days before election day, detailing all income, expenses, and donations received for the campaign.
- b) Within 30 days after the election results are published, parties and candidates must submit a final campaign financial report covering the period from the campaign's start to its conclusion. This report includes all income and expenses and any outstanding debts,
- c) Political parties must submit audited financial statements annually to the Central Election Commission. These reports cover broader financial operations but are not specific to election campaigns and do not allow real-time transparency during the election period.

2.4 Openness

Assessment question(s)

To what extent is political finance information publicly accessible to citizens? Do regulations mandate the oversight agency receiving the reports to publish them in timely and accurate fashion, accessible online, centralised so that it is easily located, downloadable, comparable, and searchable in a user-friendly, and free-of-charge manner by the public? Indicate if exceptions to the publication of comprehensive information are minimal and/or well justified, as well as whether political parties and campaigns are required to publish the information themselves.

Assessment

Political finance information in BiH is accessible to the public, but with limitations. The Central Election Commission is mandated by law to publish all financial reports of political parties on its website, ensuring centralized and timely access to the public. This includes annual reports, campaign finance reports, and audit findings, which are essential for transparency and accountability. The information is available free of charge, and citizens can access it online in one place. However, the law does not require the reports to be presented in a fully searchable, downloadable, or user-friendly format, making it difficult for the public to compare data easily.

While political parties are legally obligated to publish their financial reports, including details on the origin of funds and expenditures, on their own websites, in practice, this requirement is often ignored. Many parties fail to provide this information to the public, relying instead on the CEC for disclosure.

There are no significant exceptions to the publication of information, meaning that, in theory, all relevant data should be made available.

2.5 Cross comparison and data quality

Assessment question(s)

Is the regulation specific on open data standards that could allow detection of political risk, such as unique identifiers that for cross comparison with other datasets?

Indicator assessment

Regulation does not contain specific provisions related to the standardization of open data or the use of unique identifiers that would enable the detection of political risk or comparison with other data sets.

2.6 Recommendations

Assessment question(s)

Recommendations, like new laws, amendments to existing laws and other forms of regulation, that could improve transparency political finance. (Up to three recommendations)

Recommendations

- 1. Regulate self-financing of party candidates' campaigns, en-suring transparency by requiring full disclosure of sources and amounts in party financial reports*
- 2. Mandate all financial transactions, including donations, to be conducted exclusively through bank accounts to ensure transparency.*
- 3. In order to enable better detection of political risk and facil-itate the use of data, it is recommended to develop bylaws that would include open data standards, including unique identifiers for political parties, candidates and donors, as well as the ability to link this data with other relevant datasets.*

1.3. Accountability

3.1 Compliance

Assessment question(s)

To what extent are there systems in place to facilitate reporting? To what extent does the relevant oversight agency facilitate accurate, timely reporting and publication through e.g. advisory services, clear formats, digital reporting, and disclosure systems, etc.

Assessment

Within legislative framework in Bosnia and Herzegovina, there are certain systems that facilitate the report-ing process, but also room for improvement in terms of support to CEC. Political parties are required to submit financial reports to the CEC, which is a basic obligation regulated by law. The reporting forms are prescribed by bylaws, which provide a standardized format for political parties and candidates to submit their financial reports. The CEC provides information and guidelines to political parties regarding funding rules, but formal advisory services are not explicitly regulated. Also, the CEC occasionally organizes trainings and seminars for political parties on funding rules and reporting obligations, although a greater focus on continuous education and information is needed. The CEC has a website where they publish political party reports and other relevant information, but the current infrastructure may be insufficient for effective digital reporting. Existing digital platforms need to be improved to facilitate the reporting process. There is a need for greater transparency and consistency in the publication of data, including ensuring that reports are easily accessible and searchable on the CEC website.

3.2 Empowered agency

Assessment question(s)

To what extent do regulations clearly endow an agency with functional independence and a mandate to ensure monitoring the implementation of regulations, timely conduct of verifications, investigations and sanctioning in cases of non-compliance, as well as adequate funding to train and professionalize staff on the job and keep up appropriate technology?

Assessment

The legal framework in Bosnia and Herzegovina grants CEC a mandate to monitor the implementation of political finance regulations, investigate violations, and sanction non-compliance. However, there is an issue is that the Group of States against Corruption (GRECO)'s recommendations to increase the CEC's financial and human re-sources have not been fully implemented. The CEC's Audit Service lacks the necessary capacity to conduct timely and thorough audits. Ensuring adequate funding for staff training and access to modern technology is essential to improve the CEC's oversight capabilities. Currently, it depends on donor funds and projects.

To strengthen the CEC's role, the law should also clearly define campaign finance violations and introduce effective, proportional sanctions. These improvements would empower the CEC to function independently and enhance the integrity of political finance regulation.

3.3 Effective verification

Assessment question(s)

Do(es) agency(ies) invest resources to verify compliance with political finance rules? To what extent does the agency effectively verify reports, request missing or additional information, monitor undeclared income or expenditure, conduct audits, and engage other agencies or external parties to obtain additional information as necessary, in particular from public procurement and company registries?

Assessment

CEC has certain powers to verify compliance with the rules on the financing of political parties, but it is essential to establish clear responsibilities for CEC BiH in overseeing party expenditures. The audit of political parties' financial reports shall include the reports from the party's headquarters and at least two lower organizational units selected by the CEC's Audit Office.

Lack of resources make it difficult to conduct checks and audits, which may result in CEC not being able to fully meet its task. The CEC has a mandate to check the submitted reports, and in case of deficiencies or the need for additional information, it can demand that the political parties submit the requested data.

CEC often relies on the findings of civil society organizations' monitoring and their information, particularly in relation to public pro-curement.

3.4 Deterrence

Assessment question(s)

To what extent are breaches of political finance regulations de-tected and sanctioned? To what extent does the agency imple-ment complaint systems, investigations, and proportional sanc-tions on infringements, including administrative and criminal liabilities?

Assessment

Breaches of political finance regulations in Bosnia and Herzegovina are detected and sanctioned, but there are significant challenges in the efficiency and effectiveness of the process. Between 2005 and 2022, CEC issued 536 fines against political parties, imposed 129 administrative measures, and issued two orders for parties to donate part of their funds to charity. In 2023 alone, 24 political parties were barred from participating in the next elections. However, the time it takes—often more than two years—from the submission of financial reports to the imposition of sanctions reveals a lack of capacity and delays that reduce the impact of these penalties.

Additionally, the legal requirement for parties to return excess funds into the budget has not been effectively implemented due to an unresolved stance from the Ministry of Finance, which hampers enforcement. Sanctions have led parties to reduce visible donations from legal entities and many parties avoid disclosing true financial details. Reports from TI BiH suggest significant discrepancies between reported and actual costs, making it difficult to ensure proper compliance. Moreover, parties have managed to reduce their debts despite decreasing income, further signalling potential loopholes in the financial monitoring system.

Assessment question(s)

To what extent are there effective preventive measures in place to reduce the risk of illegal contribu-tions (monetary or in-kind) by suppliers, bidders or licence applicants, directly or through third parties?

Assessment

In Bosnia and Herzegovina, there are certain preventive measures to reduce the risk of illegal contributions, but they are not fully comprehensive. Political entities must report all donations, including the source, which helps track and monitor contributions. The Law on Financing of Political Parties defines donations and requires political subjects to report them, ensuring they come from legal sources. The law also prohibits donations from public institutions, humanitarian organizations, and foreign entities, and forbids contribu-tions in cash or in-kind through third parties, aiming to prevent indirect illegal financing.

Private companies that secure public procurement contracts ex-ceeding 10,000 BAM in a calendar year with executive authorities cannot financially support political parties, reducing risks of conflicts of interest. Despite these measures, the risk of disguised donations through informal channels persists. Extending reporting obligations to third parties involved in campaign expenditures would significantly improve transparency and traceability in political financing. Additionally, requiring the use of banking systems for all donations could further enhance oversight.

Note:

1. Reply only with regard to either public contracting or licencing, depending on which data you work with.

2. If you prefer, reply while addressing questions for Topic 3.

3.5 Recommendations

Assessment question(s)

Recommendations, like new laws, amendments to existing laws and other forms of regulation, that could improve accountability political finance. (Up to three recommendations)

Recommendations

- 1. Provide a detailed classification of violations in the Law on Financing of Political Parties ,related to sanctions and increase the range of penalties to enhance accountability.
- 2. Introduce the obligation to publish annual financial plans and programs together with financial reports, within the given deadlines, as well as prescribing sanctions for non-publication in the Law on Financing of Political Parties.
- 3. Suspension of the payment of budget funds as one of the sanctions for violating the provisions on prohibited activities.

Pillar Recommendations

- Expand prohibited sources of contributions to include additional public bodies and legal entities receiving government incentives
- Enable fully digital submission of reports to reduce administrative burdens and facilitate monitoring.
- Define in the Law the deadlines and content of detailed reports (including all transactions) that political parties must publish on their websites, as well as sanctions
- Regulate self-financing of party candidates' campaigns, ensuring transparency by requiring full disclosure of sources and amounts in party financial reports
- Mandate all financial transactions, including donations, to be conducted exclusively through bank accounts to ensure transparency.
- In order to enable better detection of political risk and facilitate the use of data, it is recommended to develop bylaws that would include open data standards, including unique identifiers for political parties, candidates and donors, as well as the ability to link this data with other relevant datasets.
- Provide a detailed classification of violations in the Law on Financing of Political Parties, related to sanctions and increase the range of penalties to enhance accountability.
- Introduce the obligation to publish annual financial plans and programs together with financial reports, within the given deadlines, as well as prescribing sanctions for non-publication in the Law on Financing of Political Parties.
- Suspension of the payment of budget funds as one of the sanctions for violating the provisions on prohibited activities.

TOPIC 3: FAVOURITISM IN PUBLIC CONTRACTING (Procurement and Licencing)

3.1. Public procurement

1.1 Goals

Summary question(s)

Does the public procurement framework contain rules or guidance for ethical discharge of duties by officials involved in public procurement procedures (pre-award, solicitation, tendering and post-award phases)?

To what extent do public procurement regulations establish protections from undue influence by politically connected indi-vidual and entities on contracting preparation, tailoring technical specifications, selection criteria, non-competitive procedures and other conflicts of interests?

Assessment

Article 52 of BiH Law on Public Procurement address conflicts of interest and corruption within procurement procedures. It mandates that contracting authorities take effective measures to prevent, identify, and address conflicts of interest to ensure fair competition and impartial decision-making. A conflict of interest arises when representatives of the contracting authority have a direct or indirect financial, economic, or personal stake in the outcome of the procurement process. For instance, officials holding managerial positions or shares in bidding entities are disqualified from participating in procurement decisions.

The law requires such representatives to declare any existing or potential conflicts of interest, including those involving close family members, and update these declarations regularly. Officials who identify a conflict of interest must withdraw from the process immediately. Moreover, contracting authorities must publicly disclose any conflicts on their websites, ensuring transparency. Unfortunately, in practice, most contracting authorities fail to publish this information on their websites.

Additionally, bidders are required to submit a declaration confirming they have not offered bribes or engaged in corrupt practices. Non-compliance with these regulations by Law results in the nullification of contracts.

1.2 Incompatibilities for contracting authority (including revolving door)

Assessment question(s)

Are there restrictions and incompatibilities to participate as contracting authorities to officials who:

- a. directly or indirectly (through relatives, associates) have substantial financial interest (share of stock, controlling position, or similar) in bidding and licensing applicant legal entities?
- b. With past remunerated positions in active suppliers or licence holders, bidding, and licencing applicant entities in the past x years in the same area of procurement or licencing?
- c. to have concurring responsibilities for promoting in-vestment in their areas of competence?

Assessment

- a. Law on public procurements BiH prohibits officials from participating in procurement procedures if they, or their close relatives, hold more than 0.5% ownership, shares, or managerial positions in bidding entities.
- b. However, when it comes to past employment with suppliers or bidding entities, the law does not explicitly disqualify officials based on previous work. The law focuses primarily on preventing ongoing financial or managerial relationships that could influence the procurement process.
- c. As for officials with concurrent responsibilities in promoting investment, the law is less clear. While there are no explicit regulations prohibiting these officials from participating in procurement processes, the emphasis on avoiding conflicts of interest suggests that overlapping responsibilities may pose a risk.

1.3 Influencing

Assessment question(s)

Do companies that are government suppliers publicly disclose information about their corporate political engagement activities, including but not limited to:

- a) the positions on relevant policy issues affecting their core business activities.
- b) direct and indirect interactions with public officials with responsibilities in public contracting and licencing (from lawmaking to awarding procedures), including the in-formation they provide in these interactions.
- c) On their own website or as part of lobbying and interest representation registries

Assessment

- a. Companies that are government suppliers are not required by law to publicly disclose information about their corporate political engagement activities. This includes positions on relevant policy issues affecting their core business activities. There is no legal obligation for companies to share such details with the public, nor to disclose their lobbying efforts or influence on policy decisions.
- b. Regarding direct and indirect interactions with public officials, Article 52 of BiH Public Procurement Law mandates that bidders must submit a signed statement certifying that they have not engaged in corrupt activities such as offering bribes.
- c. Lastly, in terms of disclosure on websites or lobbying registries, there are no official lobbying registries in Bosnia and Herzegovina, and companies are not obliged to publish information about their political activities or lobbying efforts on their websites.

In recent years, several companies connected to officials under U.S. sanctions have been involved in public procurement. For example, entities linked to current President of Republika Srpska Milorad Dodik, who faces U.S. sanctions for corruption and destabilizing activities, continue to secure some government contracts.

Restrictions on government contractor(s)

Are there limitations and incompatibilities to prevent 1) legal entities with government contracts and 2) bidders in contracting procedures from making in-kind and financial donations to political parties and campaigns? Are there ways these limitations can be circumvented in practice?

Assessment

Law on Political Party Financing sets limitations on donations from private companies with government contracts. Law stipulates that private companies holding contracts with executive authorities cannot donate to political parties if the value of the contract exceeds 10,000 KM in a calendar year. However, there are significant gaps in this legislation, as it applies only to contracts with executive authorities and excludes judicial and legislative bodies, as well as public enterprises and public service institutions. This creates opportunities for companies to fund political parties while still engaging in public procurement with these exempt entities.

In practice, companies avoid these limitations by securing large contracts with public institutions that are not covered by the law, such as public service institutions or non-executive agencies. For example, there have been instances where companies that financially support political parties later win multimillion-dollar contracts with public service institutions. Due to the current legal framework, these companies are not penalized, as they do not violate the law.

Assessment question(s)

To what extent are there suppliers, bidders required to disclose (on their own websites or to the contracting authority) the con-tributions made to political parties, candidates and/or third parties pursuing electoral outcomes, and is this information timely published?

Assessment

Suppliers and bidders involved in public procurement are not re-quired to disclose political contributions to political parties, candi-dates, or third parties pursuing electoral outcomes. There is no ob-ligation for these disclosures to be made on their websites or provided to contracting authorities.

The only relevant regulation is in the Law on Political Party Financing, which mandates that the CEC publishes the financial reports of political parties on its website. These reports include details about the sources of income, including donations from legal and physical entities, and the expenditures of the parties.

While political parties are required to make their financial reports, including the origins of donations and how the funds were spent, available to the public, in practice, many political parties fail to publish these details on their own websites. As a result, the CEC remains the sole reliable source for accessing this information, limiting the transparency of the political financing process.

Assessment question(s)

Do public officials with responsibilities in public procurement (from lawmaking to procurement procedures) timely disclose their personal interactions, meetings with, and documents received from suppliers, bidders?

Assessment

Public officials involved in public procurement are not explicitly re-quired by law to disclose their personal interactions with suppliers and bidders. The legal framework focuses more on transparency in the procurement processes rather than personal interactions.

1.4 Transparency

Assessment question(s)

To what extent information concerning public procurement (pre-award, tendering and post-award phases) is published in a timely manner in open data formats?

Assessment

The integrated information system for e-procurement was put into operation at the end of 2014 on the web address www.ejn.gov.ba. Agency for Public Procurement of BiH established an improved public section of the e-Procurement system on December 2023 (<https://next.ejn.gov.ba/bs-Latn-BA>). System enables real-time data accessibility concerning public procurement, while the introduction of the "Odata" standard allows for open data publication, ensuring that information can be downloaded as soon as it is released.

The e-Procurement system utilizes a "Webhook" mechanism, facili-tating immediate data transfer from the central system to the new Open data public portal. This allows contracting authorities to publish procurement plans, notifications, tender documents, etc. efficiently.

While this system enhances transparency and timely publication of procurement data, it still relies on contracting authorities to fulfill their obligations to provide the necessary information.

1.5 Conflicts of interest

Assessment question(s)

To what extent are ad hoc disclosures on conflicts of interest or their lack thereof, requested from public officials involved in the public procurement process?

Assessment

According to the Rulebook on the establishment and work of the Procurement Commission, contracting authorities are required to ensure that individuals appointed to procurement commissions do not have direct or indirect conflicts of interest related to specific procurement activities.

Commission members are obligated to disclose any potential conflicts of interest throughout the procure-ment process. If a member identifies a conflict, they must inform the contracting authority and seek to be excluded from the process, leading to the appointment of a replacement. Furthermore, prior to commencing their duties, each member, including secretaries and external experts, must sign a declaration confirming their impartiality and lack of conflicts of interest.

These ad hoc disclosures are essential for maintaining transparency and integrity in public procurement. However, the effectiveness of these regulations largely depends on the diligence of commission members and the oversight of contracting authorities to ensure compliance.

1.6 Strengths and Vulnerabilities

Assessment question(s)

Present other strengths and vulnerabilities on regulations, not mentioned before, on political integrity in the public procurement process in your country.

Strengths

The introduction of mandatory use of the Public Procurement Portal has enhanced transparency, ensuring all procurement activities are accessible to the public in real time in open-data portal. Strengthened rules regarding conflict of interest and impartiality have created a more robust ethical framework. The institutional oversight provided by the Public Procurement Agency and the Procurement Review Body ensures that there is a structure in place for monitoring procurement processes and resolving disputes, which is critical for improving accountability.

Vulnerabilities

While the law encourages transparency, it also allows for less transparent procurement procedures under specific conditions, which can lead to misuse. The absence of detailed regulations re-garding contract execu-tion creates gaps in oversight. Additionally, although the PPA and the PRB operate as independent bodies, their limited resources hinder effective monitoring and timely response to complaints. Reports indicate a rising number of complaints, yet inadequate judicial accountability often fails to address corruption effectively. Electronic submission of bids, electronic opening of bids, and electronic evaluation of bids, as well as enabling the publication of contracts on the E-procurement platform, are processes that have not yet been legally defined.

Pillar Recommendations

- Introduce electronic submission of bids, electronic opening of bids, electronic evaluation of bids
- Enable the publication of contracts on E-procurement portal
- Enhance the monitoring and oversight mechanisms of the entire process of public procurement by extending the provisions on active legitimacy to include other public institutions responsible for safeguarding the public interest
- Institutions responsible for monitoring public procurement, such as the Public Procurement Agency and the Procurement Review Body, need increased resources and staff to effectively oversee procurement processes and respond to complaints in a timely manner
- Redefine legal violations, particularly those with elements of criminal acts, and to impose significantly stricter penalties that serve a deterrent purpose.

CONCLUSION

The findings of this report underscore the pressing need for reforms within Bosnia and Herzegovina's political integrity framework to address critical gaps in transparency, enforcement, and accountability. The fragmented legal and regulatory structures governing asset declarations, political finance, and public procurement have created inconsistencies and vulnerabilities, which are exploited by actors seeking to bypass oversight mechanisms. The lack of enforcement, combined with insufficient resources for oversight institutions, significantly hampers the effectiveness of existing frameworks.

Asset declaration regulations, while extensive on paper, suffer from inadequate verification and enforcement mechanisms, leaving loopholes that undermine public trust and accountability. Similarly, political finance regulations are weakened by limited audit capabilities and insufficient transparency measures, particularly in tracking indirect contributions and self-financing. Public procurement processes, despite improvements like the e-Procurement system, remain vulnerable to favoritism and political interference due to legal ambiguities and inadequate oversight resources.

To address these challenges, a unified approach is required, starting with the harmonization of legal frameworks across administrative levels. Empowering oversight bodies with greater financial and operational independence is crucial for enforcing regulations effectively. Additionally, adopting open data standards and machine-readable formats will enhance transparency, allowing for better public and institutional scrutiny of political integrity-related activities.

The importance of these reforms extends beyond governance; they are vital for fostering public trust, attracting foreign investment, and advancing Bosnia and Herzegovina's aspirations for European integration. By prioritizing the implementation of these recommendations, policymakers can take significant strides towards building a more transparent, accountable, and corruption-resistant governance framework. This report highlights actionable pathways for stakeholders, providing a foundation for collective efforts to strengthen political integrity and ensure sustainable progress in the fight against corruption in BiH.

ENDNOTES



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