



Key findings of the 2023 Report on Bosnia and Herzegovina

Brussels, 8 November 2023

As regards **political criteria**, elections took place in October 2022. The High Representative intervened multiple times in electoral matters, including on the evening of the election day, which according to OSCE/ODIHR challenged legal certainty.

All state and entity-level legislative and executive bodies were set up by May 2023. A new state-level Council of Ministers took office in late January, supported by a ruling coalition including SNSD, HDZ BiH, and the 'trojka' (SDP, NiP, *Naša Stranka*). A state budget for 2023 was adopted in March. The new Council of Ministers took significant steps to adopt EU reforms following the granting of candidate status: it adopted the strategy on organised crime, an updated risk assessment and accompanying action plan on anti-money laundering and combating terrorism financing, as well as the strategies and action plans on migration and on terrorism. It also appointed a supervisory body for implementation of the national war crimes processing strategy. The contact point with Europol finally started operations in June 2023. The Council of Ministers also endorsed a set of draft laws, notably on: integrity in the judiciary; torture prevention (designating the Ombudsman as national preventive mechanism); foreigners; and freedom of access to information. These were adopted by Parliament in August and September 2023.

A number of Constitutional Court decisions have yet to be fully enforced, including on state property. The Constitutional Court suspended or quashed several legal and political acts by the *Republika Srpska* entity. The entity leadership determined to enforce such laws, nevertheless, endangering legal certainty. The entity assembly called on state-level constitutional judges to resign, and in June 2023 it legalised the non-publication of decisions of the High Representative and the non-implementation of the rulings of the Constitutional Court, calling into question the authority and integrity of the Constitutional Court and breaching the constitutional and legal order of the country. Both entities' assemblies should appoint judges swiftly to the vacant judges' seats and ensure the full composition of the Constitutional Court.

Constitutional and electoral reforms are still needed to bring the Constitution into line with the European Convention on Human Rights, complying with the *Sejdić-Finci* case law.

No steps were taken to develop socio-economic reforms in line with Commission recommendations and with the joint conclusions of the economic and financial dialogue. The continued protectionist measures are a matter of concern in the implementation of the SAA. Policy dialogue under the SAA was restored after its political blockage in 2021-2022. Bosnia and Herzegovina has not yet developed a national plan for the adoption of the EU *acquis* (NPAA), as required by the SAA.

Some progress was made on the alignment with the common foreign and security policy (CFSP). Bosnia and Herzegovina significantly improved its alignment with EU foreign policy. *Republika Srpska* entity authorities and parties advocated for a neutral stance on Russia's aggression against Ukraine, contesting the country's alignment with EU statements and obstructing the full implementation of restrictive measures against Russia. Bosnia and Herzegovina has launched ratification of two regional mobility agreements and needs to do the same for the agreement on free travel with identity cards.

Bosnia and Herzegovina is at an early stage of preparation and made some progress on **public administration reform** (PAR). Some positive steps were taken by (i) adopting the PAR coordination arrangement ('common platform'), including a political decision-making body; (ii) implementing comprehensive and countrywide public finance management, (iii) improving capacity for public consultation at state level and on regulatory impact assessment in the *Republika Srpska* entity, (iv) adopting a strategy on human resource management in the Federation entity, (v) improving the professional development and performance appraisal in the Federation entity and at state level, and (vi) adopting a Law on freedom of access to information, aimed at fostering pro-active disclosure and transparency. Some five years after adoption, the PAR action plan has been implemented only to a limited extent. Civil service laws are still not harmonised with each other, and merit principles are not enshrined in recruitment procedures. The monitoring of human resources is not effective in detecting irregularities. A political decision-making body, included in the 'common platform', still

needs to become operational to steer reforms effectively. The capacity of entity-level PAR coordinators remains weak. Bosnia and Herzegovina needs to complete essential steps to improve the overall functioning of the public administration by ensuring a professional and depoliticised civil service and a coordinated, countrywide approach to policymaking.

Bosnia and Herzegovina is at an early stage of preparation as regards its **judiciary**. 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, albeit with changes compared to the version on which the Venice Commission was consulted. Such changes hamper the effectiveness of the asset-declaration system and therefore need to be amended. The Council of Ministers also appointed a new supervisory body overseeing the implementation of the national war crimes strategy. The independence and impartiality of the judiciary did not improve. Executive and legislative authorities failed to adopt additional safeguards. Inconsistency and overly broad discretion persist in applying the rules on appointment, disciplinary responsibility, career advancement and conflict of interest of judges and prosecutors. Persistent and evident signs of deterioration continue to require urgent measures to strengthen integrity and regain the public's trust in the judiciary. The poor functioning of the judicial system continued to undermine citizens' enjoyment of rights and the fight against corruption and organised crime. The *Republika Srpska* entity assembly called on state-level constitutional judges to resign and legalised the non-implementation of the rulings of the Constitutional Court, calling into question the authority and integrity of the Constitutional Court and breaching the constitutional and legal order of the country.

Bosnia and Herzegovina is between an early stage and some level of preparation in the prevention of and **fight against corruption and organised crime**. No progress was made in the fight against corruption. Some progress was made on the fight against organised crime. The Council of Ministers adopted a strategy on organised crime, a strategy and action plan on terrorism, an updated risk assessment and an accompanying action plan on anti-money laundering and combating the financing of terrorism. The contact point for cooperation with Europol started operating in June 2023. The Ministry of Justice is yet to submit a draft state-level law on the prevention of conflict of interest in line with European standards to the Council of Ministers for adoption. Although there were some indictments pertaining to high-level corruption, the overall track record on preventing and repressing corruption (including at high level) remains insignificant due to operational inefficiency and political interference. There are systemic shortcomings in the operational cooperation between law enforcement agencies fighting organised crime, due to non-harmonised criminal legislation, weak institutional coordination, and a very limited exchange of intelligence. Criminal organisations take advantage of legal and administrative loopholes. The police is vulnerable to political interference. Financial investigations and asset seizures are also largely ineffective. A proactive approach remains fundamental to countering criminal infiltration in the political, legal, and economic systems. Cooperation with Eurojust and the European Public Prosecutor's Office (EPPO) still needs to be stepped up. Building upon some operational successes in 2023, Bosnia and Herzegovina needs to continue its efforts in the fight against terrorism and drug trafficking and must increase its capacity to do so. A new law on anti-money laundering and terrorism financing in line with the EU *acquis* urgently needs to be adopted.

The legislative and institutional framework on **fundamental rights** is largely in place. In August 2023 the Parliament adopted a Law on freedom of access to information and amended the Law on the human rights Ombudsman to designate it as the national preventive mechanism against torture and ill-treatment. Significant reforms are still needed to ensure that all citizens can exercise their voting rights and to ensure non-discriminatory, inclusive and quality education for all, including by overcoming the practice of 'two schools under one roof'. Pride marches have been held regularly since 2020, and an action plan on the rights of lesbian, gay, bisexual, transgender, intersex and queer (LGBTIQ) persons was adopted in July 2022. The gender action plan was adopted in October 2023. Gender-based violence, ill-treatment of detainees and inadequate protection of minorities, including the Roma, continue to cause concern.

There was backsliding in guaranteeing freedom of expression and freedom of the media by protecting journalists from threats and violence and ensuring the financial sustainability of the public broadcasting system. Criminal penalties for defamation, reintroduced in the *Republika Srpska* entity in July 2023, severely impact the environment for civil society and restrict freedom of expression and of the media. In September 2023, a draft law targeting civil society groups as 'foreign agents' was also adopted in first reading in the *Republika Srpska* entity assembly; if fully adopted, it would mark another regrettable and undeniable major step backwards.

Bosnia and Herzegovina continued to take steps to improve **migration** management. Bosnia and Herzegovina adopted a new strategy and action plan on migration and asylum and now needs to implement them. A Law on foreigners was adopted in September 2023. Major weaknesses still

undermine the provision of necessary assistance. Bosnia and Herzegovina needs to urgently step up efforts to ensure access to asylum and strengthen border management. Bosnia and Herzegovina is satisfactorily implementing the integrated border management strategy and should adopt in good time the strategy and action plan for 2024-2029.

As regards **economic criteria**, Bosnia and Herzegovina is at an early stage of establishing a functioning market economy. Cooperation and coordination of economic policymaking at state level and among the entities have further deteriorated. As a result, the country's internal market remains fragmented, adversely affecting the business environment. Unemployment remains very high and labour out-migration persists. The country's economic reform programme (ERP) continues to be of poor quality and implementation of reforms is limited. The ERP does not contain sufficient credible countrywide measures to address the major structural economic challenges in relation to the business environment, the informal economy, public enterprises, the green and digital transitions, and unemployment. Overall, Bosnia and Herzegovina's economic performance remains below its potential, as policymaking is hindered by political stalemate, an overly short-term approach, and lack of focus on policy measures to build growth.

Bosnia and Herzegovina is between an early stage and some level of preparation in terms of **capacity to cope with competitive pressure and market forces in the EU**, and made limited progress in this area. The quality of education has remained low, and the country continues to lag behind in the energy and digital transition. In response to changes in global demand, some structural adjustment took place, with the focus of value-added moving towards services, such as trade, IT, and tourism. Economic integration with the EU remains high, but overall trade is below potential.

Bosnia and Herzegovina is in between an early stage and some level of preparation in its ability to take on the **obligations of EU membership**. It needs to significantly step-up alignment with the EU *acquis* and implement and enforce the necessary legislation. Limited to no progress was made on most EU *acquis* chapters during the reporting period.

Bosnia and Herzegovina has some level of preparation and made limited progress in the area of **public procurement** with the adoption of certain bylaws. The legislation needs to be further aligned with the EU *acquis*, including in the area of concessions. There was limited progress on **statistics**; preparations for the next census have hardly progressed and the production of macroeconomic statistics continues to deviate from the EU *acquis*. Some progress was made on public internal **financial control (PIFC)** in terms of implementing PIFC strategies in the entities and at state level.

Major steps are needed to align the legal framework across the country with the EU *acquis* on the **internal market** (free movement of goods, workers, services and capital, company law, intellectual property, competition policy, financial services, consumer and health protection) as well as to establish an internal market within the country. Bosnia and Herzegovina made no progress in this cluster. Procedures and legislation that differ between the entities create obstacles to competitiveness and growth and hinder enforcement. Bosnia and Herzegovina should improve coordination among the relevant authorities in all areas to achieve a countrywide approach and improve their enforcement record. It should abolish ethnic-based voting procedures in the Competition Council and State Aid Council and set up a financial stability fund as part of the bank resolution framework. This cluster is key for Bosnia and Herzegovina's preparations to meet the EU single market requirements and is very important for early integration with and the development of the Common Regional Market, as well as for the country to benefit from the Economic and Investment Plan and the New Growth Plan for the Western Balkans.

Bosnia and Herzegovina made limited or no progress in the areas of **competitiveness and inclusive growth** (taxation, digital transformation and media, social policy and employment, enterprise and industrial policy, science and research, education and culture and customs). It showed no progress in other areas (economic and monetary policy) where it is at an early stage or has some level of preparation. These areas have significant links to the economic reform programme. The country needs to introduce socio-economic reforms to address structural weaknesses, including low competitiveness and high unemployment. Bosnia and Herzegovina made some or limited progress in the **green agenda and sustainable connectivity** cluster, where it is at an early stage on energy, environment, and climate change. It has some level of preparation in the areas of transport and trans-European networks. Further steps are needed on connectivity reform measures and in aligning with the Trans-European Transport Network (TEN-T) and Trans-European Networks for Energy (TEN-E) Regulations. The green transition and sustainable connectivity are key to economic integration within the region and with the EU. The implementation of the Economic and Investment Plan and the Green Agenda for the Western Balkans needs to be accelerated.

Bosnia and Herzegovina made no progress in the areas of **resources, agriculture, and cohesion** (agriculture and rural development, food safety, veterinary and phytosanitary policy, fisheries and

aquaculture, and financial and budgetary provisions), where preparation is mostly at an early stage. It must step up its efforts to prepare and adopt a post-2021 countrywide strategy for rural development, align its legislation on food safety, veterinary and phytosanitary policy and strengthen its administrative capacity. The administrative capacity of laboratories and central databases has yet to be strengthened. More efforts are also needed to prepare and adopt a countrywide strategy on fisheries and aquaculture and harmonise data collection. Bosnia and Herzegovina should start preparing a countrywide regional development strategy.

Bosnia and Herzegovina has some level of preparation in the cluster on **external relations**. Its alignment with the EU Common Foreign and Security Policy (CFSP) significantly improved, notably on High Representative statements on behalf of the EU and Council decisions on restrictive measures following Russia's war of aggression against Ukraine, although the implementation of sanctions remains a challenge. Bosnia and Herzegovina again unilaterally introduced and continued export restrictions breaching the terms of the SAA, a matter of concern for trade and commercial policy. The country needs to implement the additional protocols to the Central European Free Trade Agreement (CEFTA) on trade facilitation and trade and services, and swiftly adopt the additional protocol on dispute settlement. Bosnia and Herzegovina continued to actively participate in **regional cooperation** and to maintain good neighbourly relations. It needs to swiftly ratify the three regional mobility agreements.

In 2022, Bosnia and Herzegovina benefited from EUR 45.5 million under the **Instrument for Pre-accession Assistance 2021-2027 (IPA III)**^[1], providing support for programmes in justice, public administration reform, public finance management, EU integration, environment and climate change, employment and social protection. This set of programmes, complemented by a package of multi-country programmes, significantly contributes to the implementation of the **Economic and Investment Plan** for the Western Balkans and the **Green Agenda**.

The 2023 annual action plan consists of the **energy support package** for the Western Balkans and provides EUR 70 million to reduce the socio-economic impact of rising energy prices, in particular on small and medium-sized enterprises and households, and to support the transition to renewable energy sources, in line with the priorities of the EU's Economic and Investment Plan for the Western Balkans.

Adopting countrywide sector strategies remains a key requirement for Bosnia and Herzegovina to benefit fully from IPA funding in the future. The Council of Ministers urgently needs to appoint the National IPA Coordinator (NIPAC) for IPA III.

Key dates

June 2003: The EU-Western Balkans Thessaloniki Summit confirms the EU perspective for the Western Balkans.

November 2005: Stabilisation and Association Agreement (SAA) negotiations opened.

June 2008: The Stabilisation and Association Agreement and the Interim Agreement on trade and trade-related issues is signed.

July 2008: Interim Agreement on trade and trade-related issues starts being applied.

December 2010: Visa-free travel to the Schengen area for the citizens of Bosnia and Herzegovina having a biometric passport.

September 2011: Delegation of the European Union and Office of the EU Special Representative become one reinforced EU presence.

June 2015: The EU-Bosnia and Herzegovina Stabilisation and Association Agreement enters into force.

February 2016: Bosnia and Herzegovina submits its application for EU membership.

September 2016: The EU Council invites the European Commission to present its Opinion (*Avis*) on Bosnia and Herzegovina's EU membership application.

May 2019: The European Commission adopts its Opinion (*Avis*) on the membership application of Bosnia and Herzegovina, identifying 14 key priorities for the opening of EU accession negotiations.

December 2019: The EU Council endorses the Commission's Opinion and the 14 key priorities in its conclusions on the EU membership application of Bosnia and Herzegovina.

October 2020: The European Commission adopts an Economic & Investment Plan to support and

bring the Western Balkans closer to the EU.

October 2022: The Commission recommends to grant Bosnia and Herzegovina candidate status, on the understanding that a number of steps are taken.

December 2022: The European Council grants candidate status to Bosnia and Herzegovina.

November 2023: The Commission adopts a new Growth Plan for the Western Balkans.

November 2023: The Commission recommends the opening of EU accession negotiations with Bosnia and Herzegovina, once the necessary degree of compliance with the membership criteria is achieved.

For More Information

[Bosnia and Herzegovina Report 2023](#)

[2023 Communication on EU Enlargement Policy](#)

[Bosnia and Herzegovina 2023 Enlargement Package Factsheet](#)

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