

# ONE STEP FORWARD, TWO STEPS BACK

COUNTRY ANALYSIS | BOSNIA AND HERZEGOVINA

## TABLE OF CONTENTS

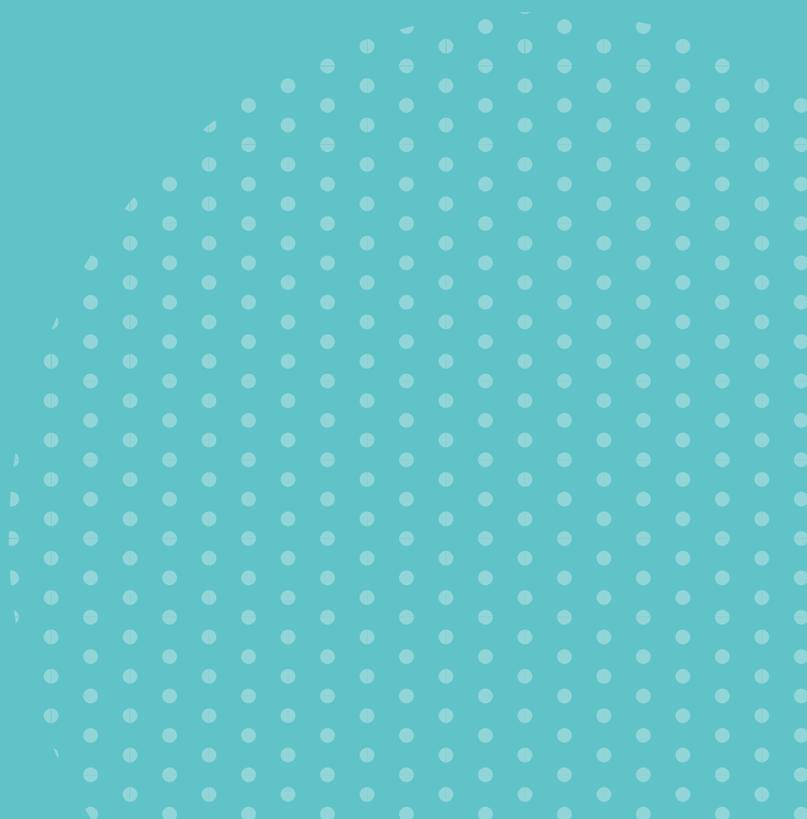
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ONE STEP FORWARD, TWO STEPS BACK.....	3
KEY FINDINGS.....	6
POLITICAL CRITERIA.....	7
DEMOCRACY AND GOVERNANCE.....	7
CIVIL SOCIETY.....	8
PUBLIC ADMINISTRATION REFORM.....	8
RULE OF LAW.....	9
FUNCTIONING OF THE JUDICIARY.....	9
FIGHT AGAINST CORRUPTION.....	10
FIGHT AGAINST ORGANIZED CRIME.....	10
FIGHT AGAINST TERRORISM.....	11
HUMAN RIGHTS AND PROTECTION OF MINORITIES.....	11
FREEDOM OF EXPRESSION.....	11
REGIONAL ISSUES AND INTERNATIONAL OBLIGATIONS.....	11
ECONOMIC CRITERIA.....	12
EUROPEAN STANDARDS.....	12
INTERNAL MARKET.....	12
SECTORAL POLICIES.....	13
AGRICULTURE AND RURAL DEVELOPMENT.....	13
TRANSPORT.....	13
ENERGY.....	13
JUSTICE, FREEDOM AND SECURITY.....	14
CONCLUSION AND RECOMMENDATIONS.....	15
ANNEX.....	17



**ONE STEP FORWARD,  
TWO STEPS BACK**

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2016 marked waking up from an almost decade long slumber in Bosnia and Herzegovina's path to the European Union. With the new EU approach from December 2014,<sup>1</sup> the focus was shifted to addressing urgent socio-economic reforms. In 2015, BiH returned to the road of reforms, leading to the submission of Application for EU membership in February 2016 and the Stabilization and Association Agreement coming into force.<sup>2</sup> At the same time, BiH continues to be in violation of the provisions of the European Convention for the Protection of Human Rights and Fundamental Freedoms for failing to implement the decision on Sejdić-Finci and Zornić v. BiH cases.<sup>3</sup> While many skeptics saw the submission of Application as a declarative move, not supported by clear intentions for essential reforms, others saw this move as a positive step and a driving force for implementation of reforms and moving ahead with democratic, political, economic and social changes in BiH. In order for the application to be considered as credible, BiH needed to undertake several crucial steps.<sup>4</sup> The most important of which was enabling the country to speak with "one voice" with the EU (adoption of coordination mechanism on EU matters). And while the mechanism was formally adopted and authorities praised for their efforts, the functioning is still troublesome due to constant inability of different political corners to reach consensus. The second priority was the adaptation of the Protocol to the SAA after Croatia became EU member initialed in July 2016.<sup>5</sup> Third condition BiH faced was continuation with urgent socio-economic reforms presented in the form of Reform Agenda,<sup>6</sup> the most comprehensive medium-term reform package aimed at tackling troubling socio-economic situation and advancing the judicial and public administration reforms. BiH submitted its application to the EU Council in the same month when a referendum was held in the Republika Srpska following the decision by BiH Constitutional Court decision on the marking of 9<sup>th</sup> January as the Day of Republika Srpska.

The long awaited European Commission's Questionnaire was received on 9th December 2016. On this occasion, Commissioner for European Neighborhood Policy and Enlargement Negotiations, Johannes Hahn reiterated the support for BiH's European future and noted the relevance of this "game changing" moment for the future of the country.<sup>7</sup>

With the tentative deadline of six months to compile the answers from all government levels and final testing of the functionality of the coordination mechanism, there is

1 High Representative of the European Union for Foreign Affairs and Security Policy/Vice-President of the European Commission Federica Mogherini during her visit to BiH, 4 March 2017. Europa.ba, accessed on 7 March 2017

2 Following a Declaration on the commitment of the institutions for implementing reforms on BiH's EU path signed by BiH Presidency, Parliamentary Assembly and leaders of political parties.

3 The draft to the amendment to the BiH Constitution and the harmonization of BiH Election Law is still in its initial phase (in 2015 BiH Council of Ministers adopted Action plan for implementation of the decisions).

4 The EU made it clear what is considered to be the minimum of standards expected from BiH in this phase in order to be able to lead a more serious conversation on following phases - Topčagić, O., EU Membership Candidate Status: Between Challenges and Weaknesses, Foreign Policy Initiative BH, Sarajevo, 2016.

5 The Protocol, initialed in July 2016, provides for a technical adjustment of the trade provisions in the SAA, concerning BiH exports into the EU and EU exports into BiH to take into account the accession of Croatia to the EU in July 2013 and prevent disruption of the bilateral trade.

6 The Reform Agenda has a comprehensive focus on the following areas: Public Finance, Taxation and Fiscal Sustainability, the Business Climate and Competitiveness, the Labor Market, Social Welfare and Pension Reform, Rule of Law and Good Governance, Public Administration Reform.

7 "Hahn: Questionnaire is a game changer for future of BiH", Europa.ba, <http://europa.ba/?p=46485>, accessed on 2 March 2017.

sample room for concern and confidence into BiH managing to fulfill this important task.

In light of these achievements, both 2015 and 2016 reports were assessed as highly successful, stating that BiH has returned to the road of reforms and has begun to resolve priorities. As such, they were used as highly successful PR materials by the local governments the EU officials to praise the positive reform momentum an overcoming of the stalemate.

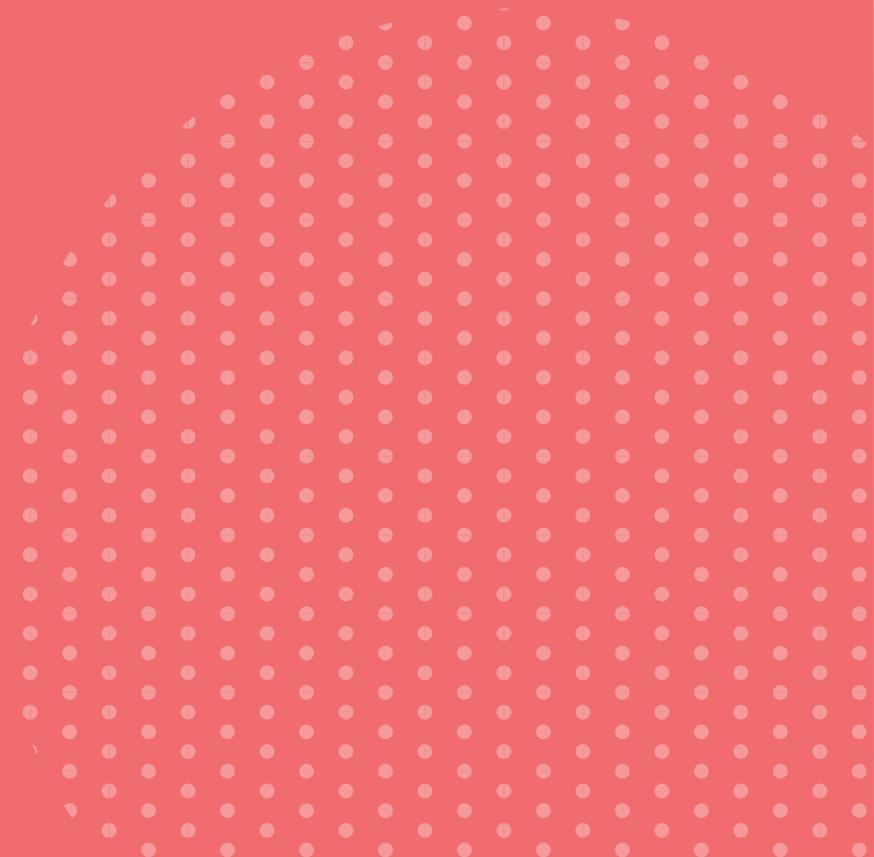
Going into the depths of the reports, it is easy to lose the initial optimism and realize that in reality, the situation has not progressed meaningfully. For many observers, the current political constellation of BiH is not ready to face the challenges of the road towards the EU. With frequent change of the self-inflicted deadlines for implementing reforms and undertaking obligations, the outlook of future steps on BiH's path to the EU becomes vaguer. While some observers of the situation believe that the EU has been praising local authorities on the achievements made without putting sufficient pressure, the discourse of the EU officials and the representatives of EU Delegation to BiH/EUSR has reflected the shortcomings in the reform process, most notably the lack of progress in the public administration reform, addressing of socio-economic challenges, strengthening the fight against corruption and organized crime and improving conditions for the exercise of media freedom.<sup>8</sup>

Looking at the Western Balkans region, BiH is seriously lagging behind its neighbors. Only with actions that would come out of progressive political will, clear, strategic and undivided focus on reforms and a vision of the complexities and advantages of the accession process can the country take decisive and firm steps forward. This implies that BiH needs to focus on tackling numerous internal issues which it failed to solve over the past ten years and not to allow daily politics harm the already achieved progress, because going two steps back with every step forward made cannot lead to changes the citizens and the EU want to see.

<sup>8</sup> Head of the EU Delegation to BiH/EU Special Representative in BiH, Ambassador Lars Gunnar-Wigemark, Europa.ba, <http://europa.ba/?p=45834>, accessed on 5 March 2017



## KEY FINDINGS



## POLITICAL CRITERIA

### DEMOCRACY AND GOVERNANCE

While the 2014 and 2016 elections were assessed as being organized in an orderly manner with the note that the electoral legislation has improved, the pressing amendments to the Election Law are not highlighted in the report. European Commission criticizes the continuing lack of political agreement to resolve the deadlock on 2010 Constitutional Court decision on Mostar's statues, thus enabling the citizens of Mostar to uphold their democratic right to vote. The report notes that financing of electoral campaigns and political parties is still not being monitored properly as well as that the recommendations made by GRECO (Group of states against corruption) still need to be addressed. Regarding the work of the parliaments, the reports notes that BiH Parliamentary Assembly and entities' parliaments have made progress towards adopting reform priorities, as was highlighted in 2015 report, most notably with the adoption of the Reform Agenda (2015-2018). The cooperation among the entities has improved, but it is identified that their roles and capacities in the EU integration process need to be further improved. The report notes that the adoption of provisions on direct report to EC challenges the need for the country to ensure a single communication channel with the EU. The adoption of the coordination mechanism on EU matters by BiH Council of Ministers, following the lengthy process of achieving consensus among different levels of government regarding its structure was assessed as highly positive. While the effective implementation at all levels was deemed "crucial",<sup>9</sup> almost a year after its adoption, the coordination mechanism is still in its initial phase, waiting for its functionality to be tested in preparing the final answers to the EU Questionnaire. According to BiH Minister of Foreign Affairs, if all parties manage to act according to their jurisdictions, the body will be functional and BiH will manage to address the EU unanimously.<sup>10</sup> The coordination mechanism, set in line with the constitutional jurisdictions and guided by the logic that everyone will contribute, would enable the process to run smoothly. However, as many observers of the process have identified so far, one of the major obstacles is the lack of political will to surpass the differences, make agreements and unblock the process. The opinions on the source of this vague situation in the EU integration process BiH has once more found itself in, significantly vary, given that it is rather hard to reach a definitive conclusion and produce a more substantial situation analysis, however, the underlying message is that everyday politics need to be put aside if any meaningful progress is to be made and results are to be seen. Due to the potential and likely obstacles, the EC report identifies the need for a strategic country-wide programme for BiH's legal approximation with the EU acquis, BiH being penultimate in the process of legal and administrative harmonization with the acquis in the region.

9 Statement by High Representative and Vice President of the European Commission Federica Mogherini and Commissioner Johannes Hahn on the adoption of coordination mechanism, Europa.ba, <http://europa.ba/?p=44426>, accessed on 28 February 2017

10 "Igor Crnadak: Bosna i Hercegovina se neće raspasti", Nezavisne novine, <http://www.nezavisne.com/novosti/bih/Igor-Crnadak-Bosna-i-Hercegovina-se-nejce-raspasti/416507>, accessed on 9 March 2017.

## CIVIL SOCIETY

Despite the fact that that cooperation with civil society was marked with “good progress” achieved, in reality, the results are lacking. The strategic framework for cooperation with CSOs in BiH is yet to be developed. In 2016, the e-consultation platform was established, but its functioning is yet to be proved efficient. Furthermore, the report notes that the law on joint registry of NGOs, which would lead to establishment of a centralized has not been adopted nor has funding made transparent. CSOs in BiH lack a coordinated structure when it comes to their active participating in the process of EU integration, being a valuable partner to the authorities and a monitoring mechanism. The Agreement on cooperation with BiH Council of Ministers and CSOs, the aim of which is defining of principles and priorities on cooperation of governmental and NGOs in the EU integration process, resulting in higher participation of citizens and NGOs, is currently being drafted.<sup>11</sup>

From 2015, and the end of the stalemate, CSOs from across BiH have started to be more involved in the EU integration process and the Reform Agenda process, however, it is noticeable that many of them have limited capacities to participate in policy dialogue, due to their limited resources and the openness of the governments to dialogue.

## PUBLIC ADMINISTRATION REFORM

One of the biggest concerns of the 2016 report is the evident lack of progress in the field of Public Administration Reform which has been in stalemate for some years now, despite the efforts of the international community and the civil society organizations to pressure the government into more concrete action. In February 2017, the first meeting of EU-BiH PAR Special Group was held with the aim to initiate regular policy dialogue between the Commission and BiH.<sup>12</sup>

Despite constant remarks by the EU and the civil society organizations, BiH has not yet developed a new, country-wide strategy. The report further notes that human resource management system has not been implemented, civil service legislation is still to be amended in an inclusive and evidence-based process in order to reduce the risk of politicization of civil service at all administrative levels. The situation is no better in the field of public finance management; due to the lack of country-wide medium term policy planning, public scrutiny of government work cannot be performed. Furthermore, BiH continues to address the issue of public finances on a sub-system due to the lack of a comprehensive financial management reform programme (in 2016, ministries at all levels expressed commitment to prepare a comprehensive PFM strategy). Civil society organizations involved in monitoring of PAR have underlined key problems for the implementation of the reform, including the lack of political support to reform, inefficient reform coordination system, lack of general management capacity, questionable professionalism and integrity of the civil service structures. Results of multi-annual activities in this field have yielded the establishment of a mechanism

11 “Održana javna rasprava o suradnji između Vijeća ministara BiH i nevladinih organizacija”, Ministarstvo Pravde BiH, <http://www.mpr.gov.ba/aktuelnosti/vijesti/default.aspx?id=5925&langTag=en-US>

12 The first meeting of the EU-BiH Public Administration Reform Special Group held, Europa.ba, <http://europa.ba/?p=47355>, accessed on 28 February 2017.

to independently monitor the results of PAR, thus contributing to the increase of transparency of the system.

It is important to note that the awareness has been raised about the importance of the involvement of CSOs and the dialogue between CSOs and other reform stakeholders has been increased. However, it is important to continue working on applying increased pressure on decision makers to keep the public informed about the activities in the field. One of the underlying issues is the need to identify political responsibility for the reform of public administration structures in BiH which would contribute to higher accountability and transparency of the process. The results of PAR process have become more visible, however, it needs to be ensured that all relevant institutions develop and introduce the practice of monitoring the implementation of integrity plans.

## RULE OF LAW

### FUNCTIONING OF THE JUDICIARY

The Structured Dialogue on Justice between EU and BiH is continuing to address outstanding issues related to the functioning of the judiciary and the shortcomings of BiH judiciary, which has been underlined in the last reporting periods. The ministerial meetings serve as a basis for guidance into the reform of the state-level judiciary, however, their outputs are rarely concrete and substantial, despite the growing interest by the civil society organizations to be more involved in the monitoring and implementation. BiH still lacks the 2014-2018 justice sector reform strategy and a clear monitoring system has not been established, which has been underlined in both 2015 and 2016 EC reports. It is evident that more decisive steps are needed to implement the strategy, its action plan and to provide adequate budgetary allocations, all of which is tightly correlated to the lack of political will to make these happen. The guidelines adopted by the High Judicial and Prosecutorial Council on conflict of interest, disciplinary sanctions and integrity in the judiciary are yet to be implemented. Moreover, more qualitative criteria for appointment and appraisal of judges and prosecutors need to be introduced. The EC report identifies that accountability and integrity of the judiciary were improved, but need to be strengthened as well as judicial independence. Moreover, BiH needs to reform the execution procedure laws in order to reduce the backlog of cases in courts.

Capacity building of BiH judiciary needs to be increased, particularly in regards to ethnical and disciplinary matters. The reform the judiciary must be given the utmost priority, given that it is interwoven with attempts of political control and increasing number of corruption affairs within judiciary. Particularly troubling is the fact that BiH Constitutional Court decision are not fully enforced throughout the country, most visible example of which is the decision by the Constitutional Court on the marking of 9<sup>th</sup> January as the Day of Republika Srpska, which was followed by the Referendum in the RS. Without going into depths of the problem, the report records the organization of the referendum as ignoring Constitutional Court decision to suspend the referendum

until it decides on its constitutionality while EU officials underlined the damaging nature of the referendum to the cohesion, sovereignty and identity of the country and being contrary to the commitment made by all political leaders in February 2015.<sup>13</sup>

## FIGHT AGAINST CORRUPTION

Corruption remains one of the main challenges faced by BiH. The country ranked 76 out of 168 countries assessed in Transparency International's 2015 Corruption Perceptions Index, while in 2016, BiH was ranked 83<sup>rd</sup><sup>14</sup>, showing that there has not been a significant progress in the recent years. CPI has evidently shown that in countries like BiH, with present corruption in highest governmental levels leads to the increasing inequality in the distribution of power and wealth. In order to make progress in other fields (economy, public administration reform, reform of the judiciary and attract foreign investments), BiH needs to urgently tackle corruption, particularly political corruption (the ways in which political parties and public officials function). The European Commission reiterated its recommendation regarding the non-implementation of the 2015-2019 anti-corruption strategy and its action plan as well as the lack of ensuring adequate monitoring of the process at state and RS entity level.

Furthermore, BiH has to amend legislation so as to ensure effective monitoring of conflict of interest and to improve legislation governing asset declaration and protection of whistle-blowers. Corruption crimes need to have tougher penalties in order to ensure a more deterrent effect. Besides the declared political commitment to seriously tackle this issue, concrete results are yet to be seen and substantial steps to sustain corruption are to be made. Civil society organizations have been vocal and insistent in their efforts to uncover and make corruption in the public service more visible, as well as to come forward with concrete steps into ensuring the existence of anti-corruptive measures and legislations. Over the years, the highest number of reported corruption cases has concerned the employment in the public service, education and justice sectors, particularly, the recruitment process which is often loosely defined and susceptible to individual interpretations, thus enabling corruptive activities.

## FIGHT AGAINST ORGANIZED CRIME

While BiH has adopted the 2014-2016 strategy on combating organized crime, its monitoring mechanisms are not efficient. The framework for inter-agency cooperation among law enforcement bodies needs to be further strengthened in order to allow the formation of specialized investigation teams for complex cases of organized crime, economic crime and corruption as well as to enable more efficient exchange of information. The report notes the need to progress with financial investigations. It furthermore highlights that fighting organized crime is fundamental to countering criminal infiltration of political, legal and economic system of the country.

<sup>13</sup> Statement by the Spokesperson of HR/VP Mogherini and of Commissioner Johannes Hahn on the initiative for a possible referendum on the state judiciary adopted by Republika Srpska's National Assembly, European Commission, [http://europa.eu/rapid/press-release\\_STATEMENT-15-5394\\_en.html](http://europa.eu/rapid/press-release_STATEMENT-15-5394_en.html), accessed on 5 March 2017

<sup>14</sup> Transparency International, Corruption Perceptions Index 2016, [http://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016](http://www.transparency.org/news/feature/corruption_perceptions_index_2016), accessed on 7 March 2017.

## FIGHT AGAINST TERRORISM

BiH has adopted the action plan to implement the 2015-2020 strategy for the prevention and fight against terrorism, however, it is identified that further efforts are needed to identify, prevent and disrupt the flow of foreign terrorist fighters travelling to conflict areas, which BiH seriously affected with and causes great concern in light of the recent global events.

## HUMAN RIGHTS AND PROTECTION OF MINORITIES

Human rights protection and non-discrimination is marked with rather poor progress considering that the country-wide strategy is not yet implemented. On basis of this, the report identifies that the anti-discrimination laws need to include a clear definition of gender identity and sexual orientation. BiH has not yet enabled its citizens access to an effective free legal aid system. The social and economic integration of Roma minorities is not properly addressed by the local authorities. As for gender equality, the implementation of laws is lacking, evident in numerous fields. Gender impact assessment of policy and legislative processes are not implemented, although they are provided for in legislation.

## FREEDOM OF EXPRESSION

Freedom of expression and media are highlighted as needing urgent strengthening due to evident backsliding from 2015. Public broadcasting system reform has not implemented despite the constant urging by the PBS which funding has been critical for years now. The report recommends harmonization of relevant broadcasting legislation with the state level one and ensuring the lack of politicization within the steering boards. In addition, there is no legislation which would ensure transparency of media ownership. Political pressure and intimidation towards journalist has caused serious concern due to inefficient and insufficient judicial follow-up. The EC identified shortcomings in the implementation of the freedom to access to information act, partially for the ramifications in cases when access is denied. The institutions fail to hold consultations prior to limiting access to information and interpret the legal provisions to protect private rather than public interests.

## REGIONAL ISSUES AND INTERNATIONAL OBLIGATIONS

In 2016 BiH has continued to maintain mostly good bilateral relations with countries in the region (Please see Annex – Table 3). High-level visits are being frequently organized followed by signing of relevant agreements, ratification of documents and ensuring stability. However, with the beginning of 2017 frictions in bilateral and regional relations are noticeable. Due to the fact that BiH still maintains a bilateral immunity agreement with the US, it is failing to comply with the EU common position on the integrity of the Rome statue and BiH needs to align with the EU position. The Commission identified that BiH, Serbia, Croatia and Montenegro need to make further efforts to deliver on the implementation of agreed housing solutions under Sarajevo Declaration Process. BiH's cooperation with the ICTY is assessed as satisfactory; BiH Prosecutor's Office has taken decisions in all war crime cases, save one, that were transferred to BiH jurisdiction (Category II cases). The Enlargement Strategy stressed

the importance of regional cooperation as one of the pillars of stability of the region, which has been shaken by misshapen rhetoric which has the potential of seriously damaging the prosperity and future of the Western Balkans. Regional cooperation of the WB countries has been recognized as one of BiH's foreign policy goals and has been of great importance in the recent accession activities.<sup>15</sup>

## ECONOMIC CRITERIA

Although some progress has been made in 2016, BiH is at an early stage of developing a functioning market economy. Economic growth has remained resilient, but its growth is still too low to be noticed by visible improvement in the citizen's living conditions. In general, the economy is characterized by low investment, poor public finances, high unemployment, inefficient fiscal system and public services paired with high level of corruption.<sup>16</sup>

Since the adoption and start of implementation of the Reform Agenda, consensus on economic policy essentials has been significantly increased. Policy coordination and business environment have been strengthened. However, in order to ensure stronger and more sustainable growth of the economy, the EC identifies that more focus will need to be placed on the private sector, namely, to ensure the realization of structural reforms, in line with the Reform Agenda. Economic Reform Programme (ERP) recommendations for 2016 reflect the six priorities of Reform Agenda and focus on areas of **public finances, budget management framework and improvement of business environment**. BiH is still in the initial phases of being able to cope with the competitive pressure and market forces of the Union. Trade integration has remained high (more than 70% exports are directed to the EU). With the implementation of the measures set by the Reform Agenda, the country's competitiveness should start to improve.

## EUROPEAN STANDARDS

### INTERNAL MARKET

BiH is still largely lacking implementation of relevant country-wide strategies which would enable closer approximation with the EU standards. While some areas are at an early stage of preparation (**free movement of goods, movement of persons, services and right of establishment, employment and social policies, public health policy, relations with WTO**), some level of preparation was achieved in the fields of **competition, public procurement**; regretfully, no progress was made in the area of **education and research** with the country lacking to investing in research and innovation capacities and improving coordination and harmonization of the legal framework on education. However, in the fields of **free movement of capital, customs and taxation and intellectual property law**, BiH is moderately prepared while further efforts

15 2016 Communication on EU Enlargement Policy, Brussels, 2016.

16 Omerbegović-Arapović, A., & Foreign Policy Initiative (FPI BH). *New Capitalist system of Bosnia and Herzegovina: Reform Agenda and Social Cohesion Model as its Instruments*. Sarajevo. 2015.

are needed in order to ensure adoption of action plans, coordination and functioning of monitoring bodies.

## SECTORAL POLICIES

### AGRICULTURE AND RURAL DEVELOPMENT

BiH has made some progress in the field of food safety, veterinary and phytosanitary policies resulting in certain BiH dairy being approved for export to the EU. For years now, BiH is unable to obtain pre-accession assistance to the agricultural sector through IPARD due to the **lack of a country-wide strategic strategy for rural development** and lack of institutional structures. As noted by H.E. Ambassador Wigemark, Head of EU Delegation to BiH and EU Special Representative in BiH, “considerable work has already been done and now a political decision is needed for its adoption. Without the strategy, there can be no significant further support.”<sup>17</sup> The effectiveness and EU compliances of support measures remain insufficient to increase the productivity and competitiveness of the sector.

### TRANSPORT

On 15<sup>th</sup> February 2017, **BiH initialed regional transport community with the EU**, thus joining Albania and Montenegro in the commitment to establish a regional Transport Community. The aim of the treaty is creation of favorable conditions in order to make the Western Balkans transport sector more efficient and to lead to growth and job creation. The process will be highly relevant for the implementation of the WB Connectivity Agenda reforms.<sup>18</sup> A country-wide Framework transport strategy and action plan have been adopted, however, further efforts are needed to complete the alignment with the acquis. Due to outstanding issues on border control with Croatia, the Commission recommends that negotiations need to be urgently closed and all negotiations concluded.

The energy efficiency sector has significant untapped potential to secure economic and environmental benefits, such as investments, jobs, emissions reductions, lower energy consumption, and financial savings. - A joint letter signed by Ambassadors of the USA, UK, Germany and Sweden, EUD/EUSR, and Resident Representative of the UNDP in BiH to FBiH Government (December 2016)

### ENERGY

**As a matter of urgency, BiH needs to adopt a country-wide energy strategy.** Moreover, the report underlines the need for improvement of strategic planning and strengthening of coordination and cooperation among all levels. BiH has failed to meet obligations under the Energy Community and align legislation with the acquis (Third EU Energy package) thus seriously and continuously breaching EnC Treaty in the gas sector. Due to poor coordination among State and entity levels, BiH did not develop and adopt a national energy efficiency plan or a roadmap for enacting the acquis under the EnC Treaty.

<sup>17</sup> “Agricultural strategy is essential for the EU support”, Europa.ba, <http://europa.ba/?p=47685>, accessed on 8 March 2017.

<sup>18</sup> “Bosnia and Herzegovina initials regional Transport Community Treaty with the EU”, Europa.ba, <http://europa.ba/?p=47636>, accessed on 5 March 2017.

## JUSTICE, FREEDOM AND SECURITY

In this area, BiH has some level of preparation for implementing with the *acquis*. The country has not been part of the migrant route through the Western Balkans, however, migration and asylum system are strengthened. In 2017, the influx of migrants has been significantly increased, however, most of them only traveled through BiH, while illegal immigrants were stopped at the borders. Infrastructure, surveillance and equipment at border crossing points have improved while existing border crossings are being improved and new ones opened. Strategy on integrated local border management has been adopted, however, it needs to be further improved by strengthening the Joint Risk Analysis Centre, border control capacity and migration management capacities dealing with vulnerable groups. The country needs to develop a new legislative framework on migration and asylum. The Law on Prevention of Money Laundering and Terrorism Financing has been implemented while some provisions are not in line with international standards. Preparedness and capabilities of law enforcement agencies to identify and disrupt drug trafficking has improved but the drug demand needs to be lowered and their seizure and destruction needs to be improved. **However, BiH needs to intensify efforts in preventing radicalization and addressing foreign terrorist fighters as well as to strengthen capacities to coordinate and implement policies relating drug seizing and trafficking.** Furthermore, it is evident that the country needs to address deficiencies in the legal framework concerning anti-money laundering, as well as to adopt and implement strategy and action plan to combat money laundering.

# CONCLUSION AND RECOMMENDATIONS

*“For the EU, it is of strategic importance that Bosnia and Herzegovina continues on this path towards the EU with the same determination, unity and constructive attitude that the leadership has managed to show in the last two years.”<sup>19</sup>*

The good will expressed by both BiH and the EU on paper, has quite often faced numerous bureaucratic challenges. It is important that the determination to overcome these obstacles prevails. For BiH, in the midst of an existential crisis the EU is faced with, progressing with the accession process will not save the country from its own problems. Positive messages from Brussels are needed to help sustain the European spirit in BiH, be they insincere or forced at times. On the other hand, BiH is lacking a sincere political will and a common vision and consensus of key factors in the country on the ways of change, the focus of the change and the source of the change as well as the capacities to implement the changes. to demonstrate the undivided commitment to the EU and its values.

As underlined quite often, the reform processes aim to primarily improve the stability and prosperity of the country, which by itself and its connections to the region, belongs in the EU. Towards the end of the reporting period, disappointing lack of progress on implementing the reforms, required for the political, economic and social stability in the country, is beginning to hamper the country’s international relations and the quality of life of the citizens. Once more, BiH has trapped itself in the political and ethnocentric crossroads and its future trajectory is becoming increasingly blurred.

While comparing the recommendations from the 2015 and 2016 BiH reports, it can be noticed that a number of repeated recommendations regard the lack of implementation of country wide strategies (Strategy for Public Administration Reform, quality infrastructure, rural development), more coherent and cohesive strategic approach and alignment with the EU acquis (Law on Excise Duties, fishery). Overall, the repeated recommendations concern some of the most urgent reforms which are to be tackled under the Reform Agenda and which have been crucial for the country to make significant progress in the accession process.

19 High Representative of the European Union for Foreign Affairs and Security Policy/Vice-President of the European Commission Federica Mogherini during her visit to BiH, 4 March 2017. Europa.ba, accessed on 7 March 2017

# ANNEX

# ABILITY TO ASSUME THE OBLIGATIONS OF MEMBERSHIP

## PROGRESS

Assessment	Chapter	
Backsliding (-1)	Information and society media	
No progress 0	Free movement of goods (backsliding from 2015) Free movement of capital Intellectual property law Freedom of expression	Competition Customs and taxation Public Administration Reform
Some progress 1		Fight against corruption Human rights and the protection of minorities Movement of persons, services and right of establishment Agriculture and fisheries  Energy Employment and social policies, public health policy Industry and SMEs Education and research Environment and climate change Financial control
Good progress 2	Civil society	

*Table 1. Acquis chapters and level of progress*

## PREPAREDNESS

Assessment	Chapter	
Early stage of preparation (1)		
	Public administration reform The capacity to cope with competitive pressure and market forces within the Union Free movement of goods Movement of persons, services and right of establishment Agriculture and fisheries Employment and social policies, public health policy Financial Control Education and culture	The existence of a functioning market economy World Trade Organization (WTO) issues  Information society and media Environment and climate change Energy  Industry and SMEs Statistics Science and research
Some level of preparation (2)	Functioning of the Judiciary Fight against corruption Fight against organized crime Transport policy	Freedom of expression Public procurement Competition Justice, Freedom and Security
Moderately prepared (3)	Customs and taxation Free movement of capital	Intellectual property law

*Table 2. Acquis chapters and level of preparedness*

2015	ALBANIA	KOSOVO	FYROM	MONTENEGRO	SERBIA	TURKEY	CROATIA
	Agreement on exchange of mutual protection of classified information ratified.	No official relations.	Agreement on exchange of mutual protection of classified information	Singing of bilateral border agreement largely improved relations.	Relations remained good. Several high-level meetings held.	Relations remained good.	Relations remained good. No progress on outstanding bilateral issues (property issues and border demarcation).
2016	Friendly, no open issues.	No official relations. Strict visa regime in place.	Agreement on collocation of diplomatic and consular office ratified in March 2016	Agreement on state border came into force. Protocol on cross-border supervision signed.	Relations remained good. BiH Council of Ministers and Serbian government held first joint session.	Relations remained good.	Relations remained good. Agreement on European Partnership signed. Property issues and border demarcation yet to be solved.

TABLE 3. REGIONAL RELATIONS