

Monitoring of the BiH European Integration Processes

Comparative report for 2010
(Western Balkans-Bosnia and Herzegovina)



Foreign Policy
Initiative BH

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Introduction

In June of 2008 Bosnia and Herzegovina (BiH) signed the Stabilisation and Association Agreement (SAA) with the European Union (EU) and at that time still stood good chances of staying among the top countries on the EU regional accession schedule. When BiH signed the SAA Albania was struggling to meet the conditions for ratification of their own Agreement, Serbia's negotiations for accession to the EU were temporarily suspended, Montenegro was going through the preparatory stage for entry into force of its SAA, Macedonia was about to start negotiations, while Croatia was far ahead and in the midst of negotiations for full membership. Two years on, the social and political situation in BiH which deteriorated significantly, coupled by the insufficient institutional capacities, resulted in the lowest prospects of all countries in the region to enter the EU in near future. The main reason why BiH ended up at the very bottom of regional integration processes are differing views of the political elites about the country's future, its structure and its viability. It had previously been taken for granted that a very specific contract with the EU such as the SAA would have been sufficient incentive to encourage political elites in BiH to begin work on the necessary structural changes. It was also believed that the European mechanisms for monitoring the implementation of the SAA would motivate domestic institutions to accelerate the reform timetable. However, two years after entering the process, which many called a 'Path of no Return', unfortunately, very little progress has been made in BiH. The key issues remain the same and in some sectors the situation has worsened compared to that which pertained when the SAA was initially signed.

In last year's Comparative Report it was noted that BiH had encountered insurmountable delays during the first year after signing the SAA that it was impossible to speak of having even a remote possibility of catching up with the rest of the region. Pessimism was expressed also in regards to matching the pace of the accession progress, substantiated by our findings about the adoption of EU legislation during 2009. Administrative and institutional capacities (or rather the lack thereof) were seen as the major obstacles on the path towards the EU for all the countries of the Western Balkans, but a problem specific to BiH continues to be the complex state structure that complicates coordination between the authorities and hinders the expected harmonisation of activities. In 2010, the pace of the reforms was further slowed down, eventually coming to a complete halt before and after the October General Elections. Whereas previously it was the complex system of governance that would take the bulk of the blame for the slow pace of reforms, this year it was primarily a matter of the lack of the political will. Institutionalised scepticisms about the future of the country including its EU aspirations expressed by the RS representatives throughout 2010 proved detrimental for any progress in implementing the SAA. Key reforms were blocked and energy was instead invested into revisionism of the reforms made so far. What was previously at least a declarative support to the EU integration processes was replaced by open resistance to the efforts of the international community in BiH, the EU included.

The political stalemate in 2010 reflected in negative opinions of the public, as indicated by our survey. In the 2010 survey, compared to that of 2009, a noticeably higher percentage of respondents from the total sample believed that Bosnia and Herzegovina was moving backwards when it comes to European integration. Respondents thought that local politicians were the biggest obstacle to the realisation of the obligations of Bosnia and Herzegovina for accession to the European Union, and this percentage was significantly higher in 2010 (70.5%) than in 2009 (55.9%). One encouraging prospect is the fact that a majority of respondents from the overall sample believed that Bosnia and Herzegovina was currently closer to the European Union (57.5%) than to a new conflict (31.3%).

Each chapter of this year's Comparative Report for the Western Balkans substantiates the overall public pessimism as well as last year's pessimism with illustrative examples of how BiH found itself far behind all other countries in the region. In this report we reviewed the progress made by each country in the region two years after signing the SAA. As a reminder, Croatia and Macedonia signed the SAA in 2001, Albania in 2006, and Serbia and BiH in 2008. In most cases, the SAA came into force during the second year after its signing. By that time, most countries had submitted a credible application for full membership and received the necessary questionnaires. During the third and fourth year after signing the SAA, most countries acquired the candidate status. Meanwhile, parallel to procedural progress made in the first two years, all

states in the region had started serious restructuring of institutions required by the EU accession, both in terms of organisational restructuring, and strengthening their human capacities. None of the above pertains to the case of BiH.

Although progress was made which enabled liberalisation of the visa regime for BiH citizens, it does remain an isolated example. We reported progress in regional cooperation in 2009, which seemed to have been supported by more intensified cooperation among the leaderships of neighbouring countries in early 2010. However, the spirit of good-neighbourly relations was gradually watered down by a lack of concrete initiatives to resolve open issues, and became even somewhat bitter as leaderships of neighbouring countries were unable to resist meddling into Bosnian internal affairs before and after the General Elections.

BiH enters the third year after signing of the SAA without a state-level government, and with a somewhat more robust EU approach to handling the internal resistance to the necessary state-building projects. This effort will be coupled by strengthened EU presence on the ground, which is yet to be defined and materialised. At this stage, we can say with much confidence that BiH stands almost no chance of catching up with the rest of the region in terms of the pace of reforms and integration processes. However, we express modest hope that in this year BiH at least fulfils the necessary conditions for submitting a credible application for membership, and that the SAA comes fully into force. This is what its citizens still expect. They still persevere in showing significant support to the EU integration processes in spite all else. As shown by our survey, the respondents of the overall sample did not change their opinion significantly during the period from 2009 to 2010 about whether the future of Bosnia and Herzegovina was in the European Union. The majority of respondents in both studies believed that the future of BiH was in the EU (63.2%) and that there was no alternative (21%). The latter thus proves to be not just a worn-out phrase by public officials, but a clearly expressed expectation of the majority of Bosnian citizens. We continue to believe so too.



Title I and II

General principles and political dialogue

a) General Assessment

Bosnia and Herzegovina is the only country in the region which, two years after assuming the commitments contained therein, violated the Interim Agreement, i.e. its substantive provisions. In truth, Serbia also breached the transitional customs arrangements by granting preferential treatment to Russian companies without informing the EU, but what makes BiH different from Serbia and other countries in the region in this respect is that it violated the fundamental principles underlying the Stabilisation and Association Process (SAP): Human Rights and Competition. Although the Preamble of the BiH Constitution lists all relevant Human Rights conventions, BiH has not changed the Constitution and Election Law in the part that relates to the rights of all citizens to elect and be elected as members of the Presidency, thereby directly violating the European Convention on Human Rights. By failing to adopt the Law on State Aid, BiH violated the principles of competition prevailing in the EU. Additionally, BiH has not adopted the Law on Census which, although not a direct requirement of the SAA, has a very negative effect on the overall relationship between BiH and the EU. Without going too deeply into the matter, it is easy to conclude that BiH, which has not yet started its journey towards the EU, is seriously lagging behind all other countries in the region and in the second year of (non)implementation of the SAA is already facing the threat of an automatic suspension of the Agreement. In a little more than two years the SAA was ratified by all 27 EU Member States and the last notification of ratification was submitted to the Secretary General of the EU Council (CEU) in early 2011. It took less time for

27 countries to go through their own, sometimes very complicated, parliamentary procedures to consider and ratify the SAA than it did for BiH to meet just a small part of the requirements for candidate status. As a consequence of this, the EU is forced to manoeuvre around the entry into force of the SAA in order to avoid suspension thereof, an option that stems from Article 129 of the Agreement.

b) Implementation of the SAA requirements in Western Balkan countries

Cooperation between BiH and the International Criminal Tribunal for the former Yugoslavia (ICTY) based in The Hague was judged to be positive. However, the standstill in cooperation between Serbia and the ICTY had an indirect impact on BiH as well. Serbia's state policy is to persistently try to share the heavy burden of individual responsibility for war crimes committed by its citizens with other countries in the region. In doing so it violates signed agreements, insisting on its own judicial processes against persons from other countries (case Dobrovoljačka, case Divjak and case Jurišić) despite the fact that ICTY found insufficient evidence to prosecute these persons and had cancelled proceedings. This has significantly strained relations between Serbia and BiH and has, in some way, undermined the spirit and intention of Article 5 of the SAA which talks, *inter alia*, about the obligation of "developing international and regional peace and stability and developing good neighbourly relations ...". Recent decisions about the Croatian generals and serious charges that the Croatian State leadership conspired against Serbian civilians have contributed to the negative attitude of the Croatian public towards EU membership, primarily because Croatian accession to the EU has, according to the analysts, been unquestioningly conditioned on cooperation with the ICTY.

Serbia lagged significantly behind other countries on the path to the EU because the SAA ratification process was suspended for almost two years due to the dissatisfaction of the EU with the level of cooperation of this country with the ICTY. The arrest of General Mladic that coincides with the conclusion of this Report relieves some pressure off Serbia's efforts to progress towards the EU.

When it comes to the general principles of the SAA, BiH found itself in a hiatus due to the pre-election campaign, the electoral race and the post-election impasse in establishment of a government, all of which led to a complete failure in terms of fulfilling the remaining obligations under the SAA. Although there was enough time to prepare everything for the entry into force of the SAA by the end of 2010 and to establish a Stabilisation and Association Council in place of an Interim Committee, this did not happen. The Interim Committee should convene again at the end of June 2011 to discuss the implementation of the Interim Agreement and will probably

conclude once more that BiH does not comply with the contractual obligations assumed. Under Article 8 of the SAA it is anticipated that the Stabilisation and Association Council, as the highest institutional platform for dialogue between the EU and BiH, should monitor the implementation of the SAA and in the third year after the entry into force of the Agreement should make an inventory of the overall process. However, BiH entered the third year of the process with a complete lack of political will and consensus to even begin the preparations for the establishment of a new institutional arrangement in the dialogue with the EU.

In other countries of the region this obligation, which derives from the general principles of the SAA, has been fulfilled simultaneously with the entry into force of the Agreement. Albania, Macedonia, Montenegro, Serbia and Croatia have applied for EU membership before the end of the SAA ratification process and consequently they have been more dedicated and worked more successfully in establishing the necessary structures. In these countries, the process of European integration was supported not only declaratively but with full political consensus, whereas in BiH EU policies promoted by politicians remained just words on paper. In most European countries involved in the stabilisation process, their SAA entered into force in the third year after the signing thereof and Stabilization and Association Councils were formed immediately after the signing of the respective agreements. From this perspective BiH may have a chance to catch up with other countries and remove all the aforementioned barriers by the end of 2011, but the deadlock in the forming of the Government does not lend much optimism. The SAA in Albania entered into force in April 2009, i.e. three years after the signing thereof, but in the second year of implementation the authorities were already working on preparing the transition from temporary to permanent arrangements. As a result of this, the first session of the Stabilisation and Association Council took place only a month after the entry into force of the Agreement. Albania, which was believed to be the worst 'student' in the Balkans, applied for candidate status and adapted the structure of its key institutions to the challenges deriving from the SAA in the second year after it was signed. In the third year the SAA came into force and in the fourth it received the positive opinion of the European Commission for candidate status. In Macedonia the SAA came into force three years after the signing thereof, in 2004, but in the second year they had already prepared all organisational mechanisms and changed all relevant laws to enable appropriate staffing in certain ministries. In Montenegro the SAA entered into force two years and seven months after its signature. The first session of the Stabilisation and Association Council took place a month after the agreement came into force and the country received candidate status in the third year after signing the Agreement. In Serbia the delay in the ratification procedure caused by the lack of co-operation with ICTY was compensated for by a strong political and professional commitment aimed at obtaining candidate status before the end of ratification process. Serbia signed the SAA in April 2008 and only a year and a half later, in the

middle of a blockade of the ratification process due to lack of co-operation with the ICTY, filed an application for EU membership. Despite this setback and thanks to the extraordinary involvement of civil servants and experts engaged in EU affairs, Serbia has responded to the candidate status requirements in advance, thereby saving an enormous amount of time and making up almost entirely for the delays caused by the fact that the ratification process was suspended in the second year after signing of the SAA.

c) Case Study: Adjustment of diplomacy to EU tasks and obligations

In nearly all countries involved in the Stabilisation and Association process, except in BiH, the second year of implementation of the SAA, in addition to candidate status, has seen serious restructuring of institutions that work with the EU both organisationally and in respect of their personnel, especially Ministries of Foreign Affairs. Ministries of Foreign Affairs in all countries assumed or were preparing to assume responsibility for political coordination, cooperation with EU institutions and coordination in the field of EU Common Foreign and Security Policy.

Immediately after obtaining a positive *avis*, Croatia continued with the restructuring of the Ministry of Foreign Affairs which had started immediately after the signing of the SAA. Political dealings with the EU and bilateral relations with EU Member States were merged under the same administration. In 2001- 2002 the Department for the EU was located in the Sector for Multilateral Relations. In 2005 the Ministry of Foreign Affairs merged with the Ministry for European Integration and this structure has remained until now. These changes in the executive branch were accompanied by specific changes in terms of strengthening legislative support to EU affairs. There is a general political agreement between political parties in the Republic of Croatia when it comes to the strategic goal of the country - membership in the EU - which was confirmed in the 2002 Parliament Declaration whereby all political parties in the Parliament supported Croatia's accession to the EU. Establishment of the National Committee for European Integration in the Parliament gave an additional impetus to the speed of reforms.

In Macedonia, before preparing responses to the questionnaire, teams were formed which were later turned into working groups for implementation of the Macedonian National Program for Adoption of Acquis (MNPAA). An important aspect of this extremely demanding task was the appointment of a state institution and a person – by name and surname - responsible for answering specific questions. The National Coordinator of the MNPAA is a person from the Macedonian Ministry of Foreign Affairs. Within the Ministry of Foreign Affairs of Macedonia a Directorate for the

EU was established, consisting of two sectors and four sections. This Directorate, headed by a director who is immediately responsible to the Minister of Foreign Affairs, is responsible for acceding to the declarations and restrictive measures of the EU.

Serbia arranged its structures as if the SAA had already entered into force, despite the fact that in the second year after its signing the ratification process was halted. The organisational structure of the Serbian Ministry of Foreign Affairs was gradually changed, preparing the ground for the establishment of the Directorate for the EU with three sub-organisational units.

Montenegro and Albania have also changed their coordination structure. Albania retained a separate Ministry for European Integration which exclusively deals with technical aspects of integration. At the same time the Ministry of Foreign Affairs established a General Directorate for the EU which comprises the Directorate for the EU and sub-organizational units for sectoral policies, the Common Foreign and Security Policy (CFSP) and political issues. They have taken the further step of making a functional synergy of bilateral, multilateral and EU affairs.

Following the Croatian model, in the second year of implementation of their Agreement, Montenegro changed its legislation to create preconditions for the merger of the Directorate for the EU and the Ministry of Foreign Affairs, which empowered the Foreign Affairs Minister to oversee the entire process including both the technical and political aspects thereof. The Directorate for the EU was established and this deals with the overall political coordination of activities directed towards EU accession.

All the aforementioned countries have changed their respective legislation in the field of foreign affairs several times in order to adjust their foreign policy structures to the demands of EU accession.

BiH is the only country which entered the second year of implementation of the SAA without adopting a Law on Foreign Affairs or doing anything to change the organisational charts of line ministries, especially the Ministry of Foreign Affairs, not even through internal regulations. There has not been an adequate division of the technical and political aspects of coordination of EU affairs. Accordingly, the Directorate for European Integration, which would otherwise be expected to deal solely and only with technical aspects, assumed responsibility for both technical and political aspects without informing the Presidency of Bosnia and Herzegovina, the only institution authorised by the Constitution of Bosnia and Herzegovina to make foreign policy decisions. The Ministry of Foreign Affairs of Bosnia and Herzegovina, as an institution subordinated to the Presidency of Bosnia and Herzegovina, does

not have adequate personnel and organisational capacities and therefore could not impose itself as the fundamental institution responsible for coordinating overall political cooperation with EU institutions, especially in the field of CFSP. In the Ministry of Foreign Affairs of Bosnia and Herzegovina, instead of a Directorate for the EU, which is present in other SAP countries, there is a Department for the EU situated within the Sector for Multilateral Relations. Such an approach to the organisation may have been appropriate to Bosnia 10 years ago when she was not a member of the Council of Europe, but certainly not today when it is applying for EU membership.



Title III

| Regional Cooperation

a) General Assessment

Cooperation between the Stabilisation and Association Process countries in the Western Balkans region is, with some exceptions, still just declarative. There has been some progress because the commitment to EU standards prevailed over some of the nationalist agendas, but it did not manage to subjugate them completely. As it has transpired, even those countries that have progressed a long way in the accession process, such as Croatia, will bring many open bilateral issues with them into the EU despite the current position of Brussels that the EU is no longer willing to import problems through the enlargement process.

Montenegro and Albania are countries which, in the second year after the signing of their SAAs, had the least number of issues burdening their bilateral cooperation with neighbouring countries, yet there was not a single country that could be said to have completely resolved all open issues. In this respect, once again, BiH was in a specific situation because it was subject to negative effects coming from Serbia and Croatia which are not only the closest neighbours but also co-signatories of the Dayton Peace Accords.

b) Implementation of the SAA requirements in Western Balkan countries

Of all the obligations deriving from the chapter of the SAA that deals with regional cooperation, the best results were achieved in the establishment of a free trade zone in accordance with the standards of the Central European Free Trade Area (CEFTA). Foreign trade cooperation between the countries of the free trade zone significantly increased although the poorest countries in the region have the most problems with competition from their neighbours. Immediately after signing an SAA, all the countries in the region that had done so had an obligation to start preparations for signing and ratifying bilateral conventions on regional cooperation with all other countries that had signed the SAA, as well as with other countries involved in the SAP. So far such

IT TOOK LESS TIME FOR 27 COUNTRIES TO GO THROUGH THEIR OWN, IN SOME CASES VERY COMPLICATED, PARLIAMENTARY PROCEDURES TO RATIFY THE STABILISATION AND ASSOCIATION AGREEMENT THAN IT DID FOR BOSNIA AND HERZEGOVINA TO MEET ONLY A SMALL PART OF THE REQUIREMENTS FOR ACQUIRING THE CANDIDATE STATUS.

an agreement has been signed only by Croatia and Macedonia and only then in the fourth year of the entry into force of the SAA. Croatia has not moved any further than this despite the fact that it is significantly ahead of other countries in its negotiations on EU membership and hopes to close all chapters by the end of June 2011 or at the latest by the end of the year. **‘How is it that the European Commission allowed Croatia to conclude its negotiations without fulfilling the obligations from Article**

15 of the Stabilisation and Association Agreement?’ remains a question that is yet to be answered. From discussions with Croatian representatives we have learned that they are finished dealing with bilateral conventions and have no intention of signing any new ones with other countries going through the SAP.

Macedonia began preparations for the conclusion of these conventions with Montenegro and Albania only seven years after the signing of their SAA. Albania, Montenegro, Serbia and Bosnia and Herzegovina waited for Croatia and Macedonia, which have gone the furthest in the EU integration process, to make the first move in this respect. It is possible that the delay in all these countries in the region was as a result of the fact that the EU, in the case of Croatia and Macedonia, did not explicitly insist on the observance of this obligation. This issue is about the agreements, the methodological structure of which is significantly determined by the SAA (main elements: political dialogue, establishment of a free trade area, mutual concessions in terms of movement of goods, right of establishment, as well as cooperation in other areas).

BiH is not far behind the pace being set in the region when it comes to the regulation of bilateral cooperation. In fact, it is moving fairly quickly if you take into account the difficult political circumstances. BiH has signed bilateral agreements on cooperation with the Ministries of Foreign Affairs of Slovenia, Montenegro, Macedonia and Serbia. It is expected that very soon a cooperation agreement on EU affairs will be signed between BiH and Macedonia. Representatives of the BiH Ministry of Foreign Affairs have already initiated bilateral consultations on EU affairs with Croatia, Macedonia, Albania and Montenegro and will soon launch the same with Serbia.

c) Case Study: Corridors of lost hope

At international film festivals at the end of 2008 an extremely interesting documentary called “Corridor 8”¹ was screened, which showed more vividly and simply than many professional studies why neither the Stability Pact for Southeast Europe (SPSEE), nor Adriatic-Ionian Initiative (AII), nor the Regional Cooperation Council (RCC), nor SAP has managed to elevate regional cooperation to an acceptable level for the EU. The film actually showed that the corridors have not yet been built in the minds of people in the Balkans to help them dispel centuries’ old prejudices and misconceptions. Hence it is perhaps easy to understand the fact that even today there is no railway communication between Albania and Macedonia or between Bulgaria and Albania. Ironically, the initial 600 metres of track between the Bulgarian town Gyueshevo and the first border town in Macedonia were laid in 1941 by Germans who only managed to build a tunnel. They failed to complete the work for well known reasons but the real concern is why this has still not been done 65 years after the end of the Second World War. No track runs through the tunnel to this date, but farmers on both sides grow mushrooms in it. In an interview made for the film, Macedonians, Bulgarians and Albanians did not hide their prejudices about each other; in fact they emphasised them as well as their pessimism about the ability of the EU corridor to link what wars and hatred have been separating for centuries. What is six hundred metres of railway line to Albanians, Bulgarians and Macedonians or 19 square kilometres of the Piran Bay for Slovenians and Croats or a few hundred metres of the bridge on Peljesac or free use of the port of Ploce and a smooth passage through Neum for BiH and Croatia...?

“Corridor 8” is thus used here as a metaphor for the road that in a specific way connects all the fallacies and open questions. The Macedonian right to the name is negated

1 Corridor 8, as an idea and initiative, was inaugurated in 1997 by the European Union. The plan was to build a railway and road communication between the Black and the Adriatic Seas of a total length of over 2,000 kilometres to better connect the three countries Bulgaria, Macedonia and Albania. Although announced with fanfare and high expectations the project was terminated in 2002.

in Greece, in Bulgaria they negate Macedonian right to language and alphabet and in Serbia they negate their right to autokefality of the Orthodox Church. Dialogue between Serbia and Kosovo began but as things stand now the issue will remain deadlocked due to substantial disagreement about the recognition of Kosovo's sovereignty. Serbia has never resolved outstanding border issues with BiH and the Inter-State Council has not met with BiH over the past ten years while special relationships with Republika Srpska (RS) are being developed to the extent that joint sessions of the two governments are regularly organised and all this at a time when BiH, due to political obstruction, still does not have a government at the state level.

WHEN IT COMES TO REGIONAL COOPERATION, MONTENEGRO IS THE ONLY POSITIVE EXAMPLE. THE LEADERSHIP OF THIS COUNTRY ADOPTED THE DOCTRINE OF URGENT RESOLUTION OF ALL OUTSTANDING ISSUES WITH ITS NEIGHBOURS. WITH THE IMMINENT RATIFICATION OF A BILATERAL AGREEMENT RELATING TO BORDERS, BOSNIA AND HERZEGOVINA AND MONTENEGRO WILL RESOLVE ALL OUTSTANDING ISSUES AND THUS DEMONSTRATE TO THE REGION THAT THINGS CAN BE DONE IF THERE IS WILL TO DO SO.

A little farther west, Bosnia and Croatia share 930 kilometres of border. This border is not only undefined, but there are also several substantial open issues: Croatia has independently determined the border crossings with inspectional supervision thereby closing this chapter without any prior consultation with BiH; in the same way Croatia initiated building a bridge to Peljesac; free access of BiH to the port of Ploce is prevented; the two countries have still not resolved property issues; nonetheless Croatia hopes to become a full member of the EU at the beginning of 2013. If none of these issues with BiH is resolved by then, the EU will have to handle yet another hot potato like the Greece-Macedonia, Cyprus-Turkey or Slovenia-Croatia situations.

The only positive example is Montenegro, which adopted an emergency approach to solving all open issues with its neighbours. With the imminent ratification of a bilateral agreement relating to borders, BiH and Montenegro will resolve all outstanding issues and thus demonstrate to the region that things can be done if there is will to do so.



Title IV

Free Movement of Goods, Industrial Products, Agriculture and Fisheries

a) General Assessment

This Chapter of the Stabilisation and Association Agreement (SAA) defines a gradual approximation of the legislation of Bosnia and Herzegovina (BiH) with the *acquis* in relation to the internal market, which in turn implies the existence of the necessary administrative capacity. By fulfilling its commitments in this field, BiH should be able to overcome the pressure of competition and market trends within the European Union (EU). In addition to opening up the domestic market, it will also be necessary to strengthen the capacities and quality of institutions, to establish a legal framework for standardisation, metrology, accreditation and certification of products, to approximate the technical regulations with *acquis* and to adopt European standards. It is extremely important for BiH to create favourable conditions for the internal market and foreign trade as well as to further strengthen institutional, administrative and staffing capacities in the relevant ministries and institutions. Closer cooperation and coordination between these bodies is also essential. Institutional problems that occur in BiH are present in the other countries in the region as well. Administrative and institutional capacities (or rather the lack thereof) are major obstacles on the path towards the EU for all the countries of the Western Balkans.

Most of the existing institutions and bodies were not able to meet the anticipated obligations and an additional problem for BiH is the complex state structure that complicates coordination between the authorities and hinders the expected harmonisation of activities.

b) Implementation of the SAA requirements in Western Balkan countries

The following is a presentation of the level of fulfilment of obligations by each country of the Western Balkans two years after signing an SAA or entry into force of an Interim Agreement. The general conclusion is that there are no constitutional or other legal obstacles to the adoption of laws regulating the free movement of goods or for the establishment of necessary institutions and that fulfilment of SAA obligations depends solely on the willingness and commitment of the authorities.

In the case of Albania it can be concluded that the country has made significant progress in this area. By the end of September 2008 Albania had adopted 14,424 European standards i.e. 84.30% of the total, (the target had been 80%). It should be noted that there was an increase in the number of EU standards accepted into the private sector due largely to the promotional activities of the Directorate for Standardisation, which, among other things, actively participated in the activities of the European Committee for Standardisation (CEN) and European Committee for Electrotechnical Standardisation (CENELEC).

During the second year of implementation of the Interim Agreement Albania adopted a total of four laws (the Law on Standardisation, the Law on Accreditation, the Law on Metrology and the Consumer Protection Act) and relevant bylaws, except in the case of the Accreditation Act where these are still pending. They adopted three national mid-term strategies: the Strategy on Development of Quality Infrastructure, which includes accreditation, the Strategy on Development of Metrology Systems and the Strategy on Consumer Protection and Market Supervision. The conclusion is that most of the sectoral *acquis* have not been transposed and implemented. Horizontal administrative infrastructure exists but the current facilities are inadequate and cannot respond to needs. In addition to this there are still no bodies established to implement the adopted legislation, in particular those that will be responsible for consumer protection.

Two years after the entry into force of the Interim Agreement Montenegro had adopted 1530 European standards. Bylaws for the Law on Technical Requirements and Conformity Assessment were adopted as were two laws, the Law on Accreditation and the Metrology Act, but the bylaws that would enable an effective implementation of these laws are still to be passed. The Government of Montenegro adopted the National Program for the Protection of Consumers and the country has made considerable progress in this area. A body for non-judicial dispute resolution was appointed, the so-called 'Arbitration Committee for Consumer Protection', which has 20 members. It is interesting to note that the state has provided funds to NGOs for activities related to consumer protection. In other areas Montenegro has met quite a few commitments. The general conclusion is that Montenegro

did not have the administrative and institutional capacity to meet the assumed commitments. The delay in the adoption of bylaws was one of the key issues for the limited progress in the field of free movement of goods.

It was notable in Croatia that in the two years after the entry into force of the Interim Agreement, in addition to their obligation to gradually adjust their technical regulations and standards to those of the Community, in particular those in the fields of metrology, accreditation and conformity assessment, they were also obliged to gradually open up their public procurement market. In this period, the Republic of Croatia adopted 4877 European standards. During 2003, in the field of horizontal and procedural measures, six new laws were adopted (the Law on Standardisation, the Law on Legal Metrology, the Law on Technical Requirements for Products and Conformity Assessment, the Law on General Product Safety, the Law on Certification/Accreditation and the Food Act). Based on these laws, appropriate bodies responsible for implementation were established. The National Institute for Intellectual Property, Standardisation and Metrology, as the body responsible for standards, established 166 technical committees which had about 3100 experts representing both private and public institutions. Twenty two bodies were accredited and during this period there were 25 private bodies that provided compliance assessment services in the field of testing, certification and inspection of industrial products. It can be concluded from the data that Croatia has demonstrated an exceptional willingness to align all their relevant national legislation with the principle of free movement of goods.

Two years after the entry into force of the Interim Agreement Macedonia was at the stage of joining the World Trade Organisation. This provided the impetus for the adoption of 10 new laws (the Law on Industrial Property, the Law on Copyright, the Law on Sanitary and Phyto-sanitary Measures, the Law on Anti-dumping and Safeguard Measures, the Law on Customs, the Law on Rules Concerning the Origin of Goods, the Law on Foreign Currency Transactions, Law on Standardisation and the Metrology Act). During this period Macedonia was required to reduce customs tariffs and liberalise trade, which was set as a higher priority than the strengthening of institutional capacity. To that end, it is not at all surprising that the imperative for the next period was the establishment of the bodies for standardisation, metrology and accreditation and the adoption of bylaws for the above mentioned areas.

In Serbia, after the suspension was lifted, the Interim Agreement entered into force and by the end of 2010 the country had adopted 8986 European standards. In the second year of implementation of the Agreement seven laws were adopted (the Law on the Security of Machines, the Law on Electromagnetic Compatibility, the Law on High Voltage Equipment, the Law on Technical Requirements for Products and Compliance Assessment of Products, the Law on Accreditation, the Metrology Act and the Consumer Protection Act) as well as most of the bylaws. The number of accredited

bodies rose to 413, while Serbia also adopted the Strategy on Market Surveillance for the period 2010-2014. A Centre for Consumer Protection was established as a part of the Ministry of Trade and Services and is responsible for resolving complaints submitted by consumers. However, in the area of free movement of goods Serbia has made only moderate progress. There is still the problem of capacity building as a precondition for further approximation, convergence and harmonisation of EU legislation. The European Commission pointed out that further activity should be undertaken to increase public awareness.

As far as BiH is concerned, certain improvements have been achieved but the situation is still not satisfactory. The Institute for Standardisation of Bosnia and Herzegovina (ISBH) has adopted a total of 11,279 European standards. Two laws have been adopted (the Law on General Product Safety and the Law on Changes and Amendments to the Law on Market Surveillance), as well as certain bylaws that were

AT THIS POINT IN BiH THERE IS NEITHER A LAW ON AGRICULTURE AT THE STATE LEVEL NOR AN INSTITUTION IN PLACE WITH THE MANDATE TO IMPLEMENT SUCH A LAW. THE GENERAL IMPRESSION IS THAT OUR GOVERNMENT SIMPLY DOES NOT PERCEIVE THIS AS SOMETHING WORTHY OF ATTENTION. HOWEVER, THE IMPORTANCE OF THIS AREA IS CLEARLY DEMONSTRATED, AMONG OTHER THINGS, BY BUDGET ALLOCATIONS FOR AGRICULTURE IN EU COUNTRIES. REGULATION OF THIS AREA SHOULD CERTAINLY NOT BE POLITICISED AND THE SOONER THE NEW GOVERNMENT UNDERSTANDS THAT THESE COMMITMENTS ARE AT THE TOP OF THE PRIORITY LIST THE MORE LIKELY IT IS THAT BiH WILL BECOME ECONOMICALLY STABLE AND BETTER PREPARED FOR INTEGRATION.

supposed to be have already been adopted. There are 50 technical committees. Five new approach directives have been transposed including the relevant compliance assessment procedures. However, compliance assessment is not made for all domestic or imported products prior to their placement on the market. The Institute for Accreditation of Bosnia and Herzegovina (IABH) has issued four additional accreditations to test laboratories thereby increasing the total number of accredited bodies to 39. The Metrology System Development Strategy has not yet been adopted and there is still no cooperation and

coordination between the National Institute of Metrology and metrology institutes of the Entities. The Consumer Protection Council has adopted the Annual Consumer Protection Program for 2010 but the relevant ministry did not allocate funds for its implementation. What is particularly noticeable in BiH in all sectors under review is insufficient coordination between relevant bodies as well as an unclear definition of authorities and responsibilities for specific activities. In the period under review, BiH has done the least in the field of market surveillance, which helps neither the micro

nor macro aspects of the BiH economy. Institutional problems which occur in BiH are also present in the other countries in the region. The lack of administrative and institutional capacities was one of the major obstacles on the path towards the EU for all countries of the Western Balkans. Most of the existing institutions and bodies were not able to meet the anticipated obligations.

c) Case Study: Does anyone take agriculture seriously in Bosnia and Herzegovina?

Two years after the entry into force of the Interim Agreement of the SAA, BiH has done very little when it comes to organisation of the agricultural sector. There is still no coordination at the state level and thus no unified position and commitment in terms of the protection of BiH farmers. Although a large number of laws have been adopted in this area, bylaws are yet to be passed and there are no efficient institutions responsible for appropriate application thereof. From day to day BiH farmers face a worsening position, while our market is being flooded with imported products. BiH agriculture contributed BAM 1,561,149,000 to the gross domestic product (GDP) in 2009, which represents 7.33% of total GDP,² while at the same time the contribution of agriculture to total GDP in Croatia was 4.7% or BAM 4,257 million³.

During this period however, Croatia has shown a remarkable willingness to meet its commitments in order to prepare its farmers to be ready for and competitive participants in the open market. The government issued several decrees which regulated certain sectors and also effected were the Law on Agriculture, the Law on Agricultural Land, the Law on Organic Production of Agricultural and Food Products and the Law on State Subsidies for Agriculture, Fisheries and Forestry. The government operated under the National Program for Agriculture

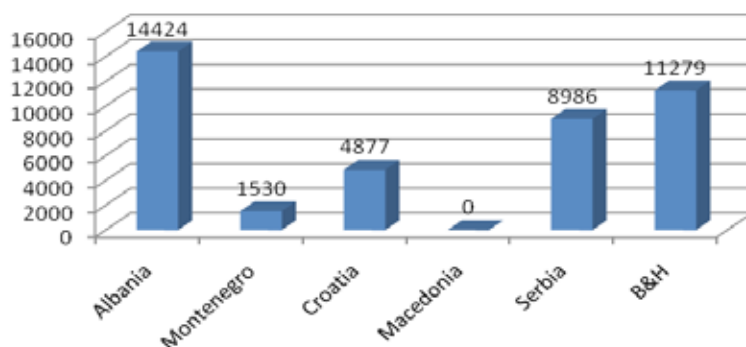
FROM DAY TO DAY BIH FARMERS FACE A WORSENING POSITION, WHILE OUR MARKET IS BEING FLOODED WITH IMPORTED PRODUCTS. BIH AGRICULTURE CONTRIBUTED BAM 1,561,149,000 TO THE GROSS DOMESTIC PRODUCT (GDP) IN 2009 WHICH REPRESENTS 7.33% OF THE TOTAL, WHILE AT THE SAME TIME THE CONTRIBUTION OF AGRICULTURE TO THE TOTAL GDP OF CROATIA WAS 4.7% OR BAM 4,257 BILLION. HOWEVER, IN THIS PERIOD CROATIA HAS SHOWN A REMARKABLE WILLINGNESS TO MEET ITS COMMITMENTS IN ORDER TO PREPARE ITS FARMERS TO BE COMPETITIVE PARTICIPANTS IN THE

2 Official statistics from the Statistics Bureau of Bosnia and Herzegovina, www.bhas.ba

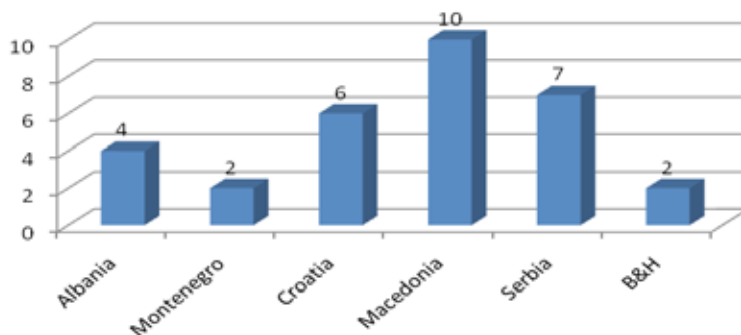
3 Official statistics from the Statistics Bureau of Republic of Croatia

and Rural Areas and the Development Strategy of Agriculture and Fisheries adopted by the Parliament. They were also in the process of preparing for the establishment of the Payment Agency and an Integrated Administrative and Control System (IACS) within the Directorate for Market and Structural Support, which is a part of the Ministry of Agriculture as well as preparing the Farm Registry connected to the central database.

Number of Standards adopted two years after the entry into force of Interim Agreement



Number of Laws adopted two years after the entry into force of Interim Agreement





Title V

Movement of Workers, Supply of Services and General Provisions

a) General Assessment

In the context of modernisation of the economy and priority service sector development, this chapter is of great importance not only for Bosnia and Herzegovina (BiH) but for the entire region. First and foremost this refers to financial services and the transport sector which, despite the different characteristics and situations in the countries being analysed, has a strategic importance for each of them. The *acquis* in the field of traffic regulates technical and security standards, social standards and market liberalisation in the context of a single European transport market and these areas are of particular importance to the authorities in Brussels.

Croatia stands out compared to the other countries in the region in terms of its progress. A characteristic shared by all countries is the average level of adoption of laws and insufficient adoption of relevant implementing regulations. Most of the countries analysed have an insufficient scientific and institutional capacity which will be needed for faster action and approximation of domestic legal frameworks with the requirements of the *acquis*.

As for BiH, it needs to adopt a document on transport policy and local authorities should approve a strategy and action plan for transport. Political disagreements and blockages are common obstacles in BiH in all the analysed areas in which the entities act incoherently. In all the analysed countries the movement of persons and coordination of social security systems are areas in which almost no progress has been made.

b) Implementation of the SAA requirements in Western Balkan countries

In BiH no progress has been made in the area of the movement of persons. The fragmentation of internal labour legislation and social insurance systems, which differ among entities and among the cantons, adversely affects the movement of workers within the country. Likewise Albania did not make any progress in 2008 in this area or in the field of coordination of social protection. In 2003 Croatia had a large number of laws waiting to be approximated with the legislation of the EU, primarily in the area of labour market access, which limited the progress of the entire region.

In BiH no progress has been made in terms of coordinating social security systems between entities and between the cantons. In Croatia too, the progress in this area has been limited despite the fact that Croatia signed numerous bilateral agreements in this field. Serbia has made little progress in the field of movement of persons, but when it comes to coordination of social protection systems it is worth mentioning that last year Serbia signed an Agreement on Social Security with BiH.

BiH and Albania have made some progress in the area of financial services. The entities approached the adoption of standards on equity and the rules for the measurement of capital from Basel II separately, but it is in this segment that Albania and Serbia need to improve. However, no further steps have been taken in terms of the adoption of the *acquis* or the establishment of a single state-level agency for the banking supervision in BiH.

The Central Bank of Albania reinforced its oversight role by approving certain regulations and Croatia made the best progress in this respect compared to other countries by investing efforts in improving supervision in the banking sector, although this also meant that their legal framework governing the supervision of the market had to be considerably reinforced. In 2003 Macedonia made some improvements although it failed to make significant structural reforms in the financial sector. In 2009 Montenegro adopted a package of regulations aimed at strengthening financial sector stability and the intervention capacity of the Central Bank and several important laws have been changed. In Serbia the National Bank actively uses its supervisory powers.

In creating a single economic space for insurance services little progress was achieved in any of the analysed countries and the same applies to leasing services and capital markets. The situation in BiH is further aggravated by the differences and inconsistencies between the entities. Postal services are another area that has stagnated.

As for transport, both BiH and Albania have made some progress in the field of trans-European transport networks. Both countries have actively participated in implementing the Memorandum of Understanding on the Development of the Core Regional Transport Network for South East Europe and the work of the South East Europe Transport Observatory (SEETO).

Croatia has also made some progress, although the process of harmonisation of legislation with the EU should have been rigorously pursued and bylaws enabling implementation of the legislation should have been made priorities in 2003. As for the pan-European Corridor VC, work in BiH continued with the construction of additional parts of the highway as well as in Albania on Corridor VIII. In Albania, there was no progress in construction of railway infrastructure, but in March 2009 they adopted a revised action plan for implementation of the transport strategy. Capacities of institutions throughout the region still require additional strengthening.

Although the state of infrastructure in Macedonia is still weak, some progress was noted at the policy level (public investment program 2003 - 2005) and at the operational level, primarily in corridors VIII and X where significant progress was noted in the development of road infrastructure.

Montenegro had to further adjust their legal and institutional framework, in particular to strengthen the administrative capacity for implementation thereof. Montenegro was also supposed to ensure a good quality application of the social and technical rules in road transport, safety and security requirements in the maritime sector as well as standards for road transport of dangerous goods. Serbia also made notable progress, updating its multi-annual plan for the period 2010 - 2014 and adopting the General Plan, which covers infrastructure projects for all modes of transport by 2027. Serbia also adopted a National Action Plan for 2010 for implementation of a national transport strategy. Serbia made moderate progress in all areas of transport except in the field of railways where only a few bylaws have been adopted and only one bilateral agreement, with Montenegro, was signed.

Uneven progress was noted in the field of road transport. BiH introduced unrestricted transit for land traffic which is one of the obligations under the Interim Agreement. BiH also started applying the TIR system (Transports Internationaux Routiers). Maintenance and construction of roads are ongoing. The Law on Working Hours, Mandatory Rest Periods for Mobile Workers and Recording Equipment in Road Transport in Bosnia and Herzegovina has been adopted. However, there is still a problem with the delayed application of digital tachographs, which are a part of international obligations. The Law on Transport of Dangerous Goods also needs to be adopted.

Progress has been achieved in Albania as well. As for the necessary improvements, road maintenance and signage in Albania required improvements and a solution was needed to the problem of illegal construction along roadsides. In Croatia, the Law on Public Roads and the Law on Road Traffic Safety were adopted, while numerous related bylaws were waiting to be developed and adopted. Montenegro had to reinforce its efforts aimed at aligning its legislation with the *acquis* and ensuring implementation. Market access for transportation of goods and services has been regulated for domestic and foreign operators, but the four criteria for acquiring the title (professional competence, financial standing, good reputation and a real company) have not yet been fulfilled.

Montenegro has had to strengthen its mechanisms for monitoring the implementation of relevant international rules and EU legislation. Serbia has made remarkable progress and has allowed unrestricted road traffic transit to EU carriers. Serbia also ratified the European Agreement concerning the international transport of dangerous goods. They adopted significant bylaws and in 2009 they established a Directorate for Traffic Safety. Application of digital tachographs was postponed due to a lack of administrative capacities and appropriate bylaws.

Uneven progress has been made in the area of rail transport. In BiH it is necessary to separate the operational functions of infrastructure management into two vertically integrated companies; Railroads of the Federation of BiH and Railroads of Republika Srpska. Opening up of the market of railway services is still at an early stage. The Regulatory Committee of Railways of Bosnia and Herzegovina issued a set of guidelines on safety which partially incorporated the directives of the “Railway Package II.” The Railways of the Federation issued a statement on its network and template of accession contract for railway companies. However, a number of questions regarding the safety of the railways are still unresolved. There is still a need to complete the reform that provides for an annex to the Memorandum of Understanding on the Development of the Core Regional Transport Network for South East Europe in the Field of Rail Transport, a document that had not been adopted either in Albania by 2008. Little progress has been made in this respect and it was mostly related to the adoption of a new regulation establishing a business unit within the Albanian Railways. A similar situation existed in Croatia in 2003, when a large part of the legislation relating to the enforcement of measures had to be adopted and the restructuring of Croatian Railways was only a long-term plan. In addition, administrative capacities in this area had to be improved. Montenegro achieved some progress in the implementation of railway reforms. Infrastructure and transport were separated in the National Railways Company as required by EU legislation relating to railways. However, in 2009 the legal framework in this area was not adjusted to the requirements of the EU. Activities of the carriers had to be separated from other activities, such as freight transport, in terms of accounting.

The Directorate of Railways was not fully functional and an independent body responsible for investigation of accidents was still missing.

As far as air transport is concerned, in BiH, as in most other countries, significant progress has been made. Laws on the Directorate of Civil Aviation and the Agency for Air Navigation Services were adopted and the sector has been restructured. A body was established to provide air navigation services and the first transitional phase of the Agreement on the European Common Aviation Area (ECAA) was finalised. Even so, more effort needs to be invested in transposing and implementing regulations relating to the Single European Sky, in particular in the establishment of a state-level body responsible for oversight. Albania also made progress in this respect, particularly in the field of air transport and implementation of the first transitional phase of the ECAA. Unlike Albania, and to an even greater extent than in BiH, Croatia made significant progress in this area by creating a legal basis for an independent body for accident investigations, despite the fact that certain bylaws were still missing. Croatia was also very active in terms of the security part of the acquis. Montenegro has made significant progress in the implementation of the first transitional phase of the ECAA and further requests relating to the second phase. The degree of harmonisation of air traffic in Montenegro was satisfactory. However, they also needed to resolve the issue of the independence of the body for accident investigations (as in Serbia) and application of the safety management system of airports. Special efforts need to be invested in implementing the acquis in the field of security and the Single European Sky and the same goes for Serbia, which applies the provisions of the ECAA but has still not separated the responsibilities for inspection and audit.

There were no developments in the field of maritime transport in BiH. Demining remains the priority as well as enabling of the waterway of the Sava river. Some progress was noted in Albania (the Parliament endorsed the Law on Marine Administration in April 2009) although the implementation in several sub-areas has to be improved. Croatia adopted the Law on Maritime which contributes to harmonisation with EU legislation, except in a couple of areas, but there are still many bylaws that are yet to be adopted. As far as inner river transportation is concerned, Serbia has made considerable progress in this area adopting six international conventions.

c) Case Study: Still without a transport sector development policy

For political reasons and due to the dissent of the Republika Srpska, there are still many very important documents lacking in BiH. In fact, since the Parliament has not adopted a transport sector development policy, the Council of Ministers cannot adopt a strategy and action plan. A transportation sector strategy is one of the key priorities for BiH and its importance has been clearly highlighted by representatives of the EU. As for transport and its strategic development and compatibility with EU legislation in the field of traffic, aimed at improving the functioning of the internal market by encouraging efficient, environmental and affordable transportation services, this will only be feasible when BiH acts as a single and therefore more efficient market.

In light of the current state of road and railway infrastructure in BiH, this issue is of great importance for our country. We could benefit from the practice of most countries in the region where all relevant documentation has been adopted, which would allow us to make much faster and more efficient key decisions in the field of transport. At the same time this greatly affects the economic development of the country and its ability to attract foreign investors to whom the quality and capabilities of transport networks are of crucial importance.

In this case, the process of blocking the adoption of transport sector development policy is the result of disputes between the entities i.e. a consequence of Republika Srpska obstructing reforms that could lead to the strengthening of the state of BiH.



Title V

Chapter 2- Establishment

a) General Assessment

Title V, Chapter 2 of the Stabilisation and Association Agreement (SAA) that Bosnia and Herzegovina (BiH) signed with the EU in 2008 deals with the right of establishment. The provisions of this agreement define establishment as the right to take up economic activities by means of the setting up of new undertakings or setting up of branches and subsidiaries.⁴ Enforcement of this part of the SAA is exceptionally important for the fulfilment of the Copenhagen criteria pertaining to the establishment of a functional and competitive market. On the path to the creation of a market with the above mentioned characteristics, it is possible to identify two basic phases:

- a. Removal of obstacles in the sense of: a) promulgation of appropriate legislation harmonised with the *acquis communautaire* and b) consistent practical application of the promulgated legislation;
- b. Creation of incentive instruments and the setting up and maintenance of a favourable business environment.

When observed through the prism of these two phases, the Western Balkan

⁴ The Stabilisation and Association Agreement, Article 50, Paragraph d).

NOMINALLY, THE LEGISLATION IN FORCE IN BiH (FBiH, RS, AND BRČKO DISTRICT) DOES NOT DISCRIMINATE AGAINST NON-RESIDENT LEGAL SUBJECTS IN COMPARISON TO RESIDENTS IN TERMS OF ESTABLISHMENT ON THE TERRITORY OF BiH. A SIMILAR SITUATION IS EVIDENT IN OTHER WESTERN BALKAN COUNTRIES. HOWEVER, IN PRACTICE, THERE ARE OBVIOUS VARIATIONS BETWEEN THE WESTERN BALKAN COUNTRIES (IN BiH AT ENTITY LEVEL AS WELL) WITH REGARD TO REGISTRATION OF LEGAL SUBJECTS, ACQUISITION OF RESIDENCE AND WORK PERMITS FOR NON-RESIDENT EMPLOYEES, MUTUAL RECOGNITION OF QUALIFICATIONS, FINANCIAL COSTS ACCOMPANYING THESE PROCESSES AND THE OVERALL BUSINESS ATMOSPHERE.

countries⁵ have reached different levels of success in terms of the implementation of the provisions of the SAA, which is the result of multiple factors such as different dates of the conclusion of the Agreement, different initial conditions and different institutional capacities and human resources involved in the implementation process. The majority of the Western Balkan countries are in the first phase while only some of them (Croatia, Serbia and partly Macedonia) are using some of the incentive instruments from the second phase in order to properly implement the measures pertaining to establishment.

Nominally, the legislation in force in BiH (FBiH, RS, and Brčko District) does not discriminate against non-resident legal subjects in comparison to residents in terms of establishment on the territory of BiH. A similar situation is evident in other Western Balkan countries. However, in practice, there are obvious variations between the Western Balkan countries (in BiH between the entities as well) with regard to registration of legal subjects, acquisition of residence and work permits for non-resident employees, mutual recognition of qualifications, financial costs accompanying these processes and the overall business environment.

b) Implementation of the SAA requirements in Western Balkan countries

Since 2001 when the Republic of Croatia (RC) signed the SAA with EU Member States, a total of 36 laws relating to different areas have been harmonised with the aim of harmonising the treatment of the issue of establishment in the national legislation with the legal heritage of the EU.⁶ With a view to ensuring that harmonisation with the *acquis communautaire* was achieved as quickly as possible, each of the

5 The Western Balkan countries shall imply Albania, Bosnia and Herzegovina, Montenegro, Croatia, Macedonia and Serbia.

6 Information on the implementation of the SAA in the Republic of Croatia stated in this Report are for the most part taken from the interview with Mrs. Maja Foretić, officer at the Croatian Embassy in B&H. The interview was performed on 15 April 2011.

competent ministries of the RC hired at least one person to deal exclusively with communication with the European Commission regarding issues pertaining to legislative harmonisation. In so doing, the laws in question were regularly submitted to the European Commission for an informal evaluation prior to their adoption, which ensured their full compliance with the legal heritage of the EU. According to the European Commission Progress Report for 2010, Croatian legislation has been harmonised with the *acquis communautaire* to a great extent.⁷ However, there is room for further progress particularly in the areas relating to the authorisation system, “single office rule” and in certain limitations relating to the tourism sector.⁸

Significant progress has been made in the area of mutual recognition of qualifications and the Agency for Science and Higher Education has been appointed as the National Coordinator for this issue. In order to simplify and expedite the process of the registration of legal subjects, the Government of the RC has initiated and supported the HITRO.HR Programme, which enables electronic registration of companies. Together with the e-Company Project, HITRO.HR has been awarded the European Commission’s “Good Practice Label”. These projects enabled the establishment of trade

THE GOVERNMENT OF THE REPUBLIC OF CROATIA HAS INITIATED AND SUPPORTED THE HITRO.HR PROGRAMME, WHICH ENABLES ELECTRONIC REGISTRATION OF COMPANIES. TOGETHER WITH THE E-COMPANY PROJECT, HITRO.HR HAS BEEN AWARDED THE EUROPEAN COMMISSION’S “GOOD PRACTICE LABEL”. THESE PROJECTS ENABLED THE ESTABLISHMENT OF TRADE ASSOCIATIONS WITHIN 24 HOURS IN ALL COMMERCIAL COURTS IN THE RC. THE WORLD BANK’S ‘DOING BUSINESS REPORT’ FOR 2011 RATED CROATIA IN 56TH PLACE AS OPPOSED TO 100TH PLACE IN 2010.

associations within 24 hours in all commercial courts in the RC. The World Bank’s ‘Doing Business Report’ for 2011 rated Croatia in 56th place, as opposed to 100th place in 2010.⁹ The creation of a better business environment has been contributed to by the fact that the acquisition of a business permit means the acquisition of the right of residence and if a non-resident acquires residence status, he/she does not require a business permit.¹⁰

7 The European Commission, Progress Report on Croatia for 2010, 9 November 2010.

8 “Single office rule” pertains to the rule stipulating that certain professionals cannot have more than one office. Limitations relating to tourism pertain to prohibition that real estate cannot be rented out for tourist purpose by non-resident real estate owners.

9 <http://www.doingbusiness.org/data/exploreeconomies/croatia> accessed on 23 April 2011.

10 Screening Report – Croatia, Chapter 3 - Freedom to Provide Services, 2006 available at http://www.eu-pregovori.hr/files/pdf_screening/IZVJESCE%20EK%20-%20poglavlje%203.pdf, accessed on 23 April 2011.

During 2010 no significant progress was made in Serbia in the area of establishment. The process of mutual recognition of professional qualifications has not yet been finalised. Just as in the Republic of Croatia, Serbia has initiated the process of electronic registration of companies (e-Registration) which falls under the competence of the Business Registers Agency of the Republic of Serbia, thus providing a unified centralised database of business subjects. However, the one-stop-shop registration system has only reached the second phase of implementation and enables the registration of companies within 48 hours.¹¹ Apart from the efforts aimed at harmonisation of the legislation with the *acquis communautaire*, the Republic of Serbia has created a number of incentive instruments such as state grants, various types of tax alleviations for large investments, avoidance of double taxation and exemption from VAT for investments in free industrial zones, among others.¹² The World Bank's 'Doing Business Report' for 2011 rated Serbia in 89th place as opposed to 90th place in 2010.¹³

AS A RESULT OF THE UNFAVOURABLE BUSINESS ENVIRONMENT IN BiH, FOREIGN DIRECT INVESTMENT HAS DECREASED FROM 134.4 MILLION KM IN THE THIRD QUARTER OF 2009 TO 6.2 MILLION IN THE SAME QUARTER OF 2010, A FALL OF 95%.

The legislative framework regulating establishment issues in Albania does not discriminate between residents and non-residents. However, the legislation pertaining to freedom to provide cross-border services has not been harmonised with the legal heritage of the EU, primarily as a result of underdeveloped administrative capacities. The Ministry of Education and Science of the Republic of Albania has established a 'Recognition Committee' constituting seven members, which processes applications for all levels of education although this has been

assessed to be insufficient for successful implementation of mutual recognition of professional qualifications.¹⁴ In 2010 Albania occupied 81st place on the list provided in the World Bank's 'Doing Business Report' whereas it occupies 82nd place in 2011.¹⁵

Montenegro achieved a degree of progress by promulgating the Law on Improvement of Business Environment (July 2010) amending the provisions of ten other laws. This

11 The European Commission, Progress Report on Serbia for 2010, 9 November 2010.

12 Interview with Mrs. Jadranka Petrović, Economic Advisor at the Embassy of the Republic of Serbia in B&H, published on 15 April 2011. Additional information on incentive measures for foreign investors can be found at http://www.siepa.gov.rs/site/en/home/1/investing_in_serbia/investment_incentives/

13 <http://www.doingbusiness.org/data/exploreeconomies/serbia> Accessed on 23 April 2011.

14 European Commission's Analytical Report on Albania, 9 November 2010.

15 <http://www.doingbusiness.org/data/exploreeconomies/albania> Accessed on 23 April 2011.

law has shortened deadlines for the registration of business subjects, reduced the number of procedures and reduced costs relating to the registration and conduct of business. The European Commission Progress Report on Montenegro for 2010 assessed the administrative capacities of Montenegro as insufficiently developed to respond successfully to all requirements for the implementation of mutual recognition of professional qualifications.¹⁶ According to the World Bank's 'Doing Business Report' for 2010, Montenegro occupied 65th place while it ranks 66th in 2011.¹⁷

During 2010 Macedonia achieved progress in the area of establishment by increasing transparency and simplifying procedures pertaining to this issue.¹⁸ The Law on Construction has not yet been harmonised with the legal heritage of the EU. The Ministry of Economy has been appointed as the coordination body for the harmonisation of relevant laws pertaining to establishment and freedom to provide cross-border services. According to the assessment provided in the World Bank's 'Doing Business Report', Macedonia has moved down from 36th place in 2010 to 38th place in 2011 out of a total of 183 countries.

The priority given to BiH by the European Partnership was to establish a single economic space. The European Commission Progress Report on BiH for 2010 assessed that there had been no progress in the area of establishment including mutual recognition of professional qualifications.¹⁹ There are still problems regarding double registration at the entity level, which arise when a business subject wants to do business on the territory of both entities. Having different approaches and relevant legislation pertaining to the improvement of the business environment, the entities behave as two separate economic spaces which makes the country as a whole less attractive for foreign direct investment.

YEAR	QUARTER 1	QUARTER 2	QUARTER 3	QUARTER 4
2008	86	241	163	87
2009	-6.4	160.8	134.2	184.4
2010	57.9	23.3	6.2	

Source: DEP, Information on the movement of macroeconomic indicators for January-November 2010, January 2011, Expressed in million KM

¹⁶ European Commission's Analytical Report on Montenegro, 9 November 2010.

¹⁷ <http://www.doingbusiness.org/data/exploreeconomies/montenegro> Accessed on 23 April 2011.

¹⁸ The European Commission, Progress Report on FYRM, 9 November 2010.

¹⁹ The European Commission, Progress Report on B&H, 9 November 2010.

Nominal progress has been made in the area of expediting the process of the registration of non-resident business subjects by relieving them of the obligation to register with the Ministry of Foreign Trade and Economic Relations, obliging them only to be registered at the local level. However, the effects of these legislative changes have not yet become visible in practice. The registration process has been additionally slowed down and made more expensive by the introduction of the notary system.²⁰

ONLY 13% OF FOREIGN DIRECT INVESTMENT IN BIH CAME FROM EU MEMBER COUNTRIES IN 2009. THE PRACTICAL SITUATION WITH REGARD TO ESTABLISHMENT POINTS TO THE CONCLUSION THAT BIH IS STILL IN THE FIRST PHASE OF NOMINAL HARMONISATION OF ITS LEGISLATION WITH THE ACQUIS COMMUNAUTAIRE AND THAT THERE ARE NO INSTITUTIONAL AND HUMAN CAPACITIES TO ENABLE MOVEMENT FORWARD TO THE SECOND PHASE – THE PHASE OF CREATING DEMAND FOR FOREIGN INVESTMENT.

In its 'White Book' publication for 2009, the Foreign Investors Council identified ten major obstacles to investment in BiH, among which were problems relating to registration of foreign companies and establishment, particularly issues pertaining to the acquisition of work and residence permits. The year 2010 has not brought about any significant change with regard to these issues.²¹

Although the existing legislation pertaining to establishment does not differentiate between resident

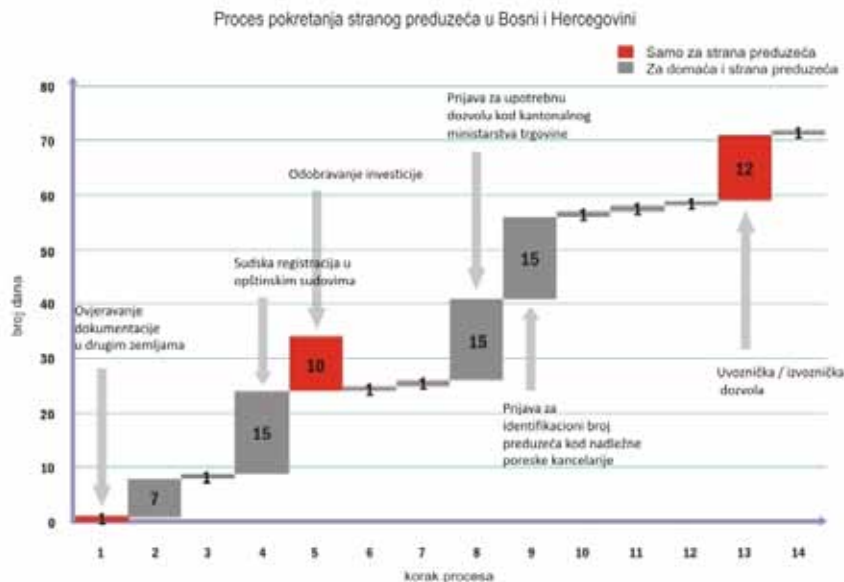
and non-resident business subjects (with the exception of the media where foreign ownership is limited to 49%²²), certain differences are still evident in practice.

20 Interview with Mrs. Bojana Škrobić-Omerović, Foreign Investors Council, performed on 20 April 2011.

21 Foreign Investors Council, The White Book, 2009 available at www.fic.ba

22 The European Commission, Progress Report on Bosnia and Herzegovina for 2010, 9 November 2010, Page 37

Figure below: Starting up a foreign company in BiH



Source: Investment Climate Department – Vienna Office, Generating investment: Some indicators on the regulations governing business activities.

The graph above shows that, in practice, the process of registration of foreign companies in BiH takes 23 days longer than registration of their local equivalents.

Although the SAA is primarily intended to harmonise local legislation with the *acquis* for the purpose of equalising the standards of business operations and attracting investors from the EU, the research done by the Association for the Improvement of German-BiH Business Relations shows that only 13% of foreign direct investment in BiH came from EU Member Countries in 2009.²³ The practical situation with regard to establishment points to the conclusion that BiH is still in the first phase of nominal harmonisation of its legislation with the *acquis communautaire* and that there are no institutional and human capacities to enable movement forward to the second phase – that of creating demand for foreign investment. The World Bank's 'Doing Business Report' for 2011 rates Bosnia and Herzegovina in 110th place – the same as occupied in 2010.

²³ Interview with Mr. Michael Wolski of the Association for the Improvement of German – B&H Business Relations performed on 18 April 2011

c) Case Study: Comparative analysis of establishment in Eastern Sarajevo and Sarajevo Canton

If a person who is not a citizen of BiH attempts to register his/her own business on its territory, he/she will be surprised by the fact that substantially different requirements relating to the registration process and treatment of non-resident business subjects are to be found just a couple of miles apart. What is nowadays called Eastern Sarajevo and the Sarajevo Canton used to be a single administrative unit. Today, it may

appear to a foreign investor that s/he is dealing with two separate economic spaces. BiH authorities often do not have a clear picture of the size of the internal market of BiH, which is in fact quite small and additionally fragmented by non-harmonised entity legislation. In the situation where a state (such as BiH) faces a decrease in foreign direct investment and when it has no special natural resources making it additionally attractive to such investment, the only way to do this is by the use of a proactive approach by local and state authorities. This proactive approach implies a number of measures and instruments that facilitate

THE ESTIMATE IS THAT, IN ORDER TO FINALISE ALL ADMINISTRATIVE PROCEDURES IN THE SARAJEVO CANTON, A FOREIGN INVESTOR NEEDS TO DEDICATE AT LEAST TWO WEEKS OF HIS TIME AND COLLECT 20 TO 24 DIFFERENT DOCUMENTS A YEAR. ON THE OTHER HAND, IN 2010 THE AUTHORITIES OF THE RS FORMED A TOTAL OF 5 DISTRICT COMMERCIAL COURTS IN EASTERN SARAJEVO, BIJELJINA, DOBOJ, BANJA LUKA AND TREBINJE WITH A VIEW TO FACILITATING THE REGISTRATION OF BUSINESS SUBJECTS AND SHORTEN THE DEADLINES FOR COMMERCIAL DISPUTE SETTLEMENTS.

registration and support the survival of foreign investors such as simplification of administrative procedures, reduction of administrative costs of business operation, tax alleviations, avoidance of double taxation, mutual recognition of professional qualifications and the like.

In practice, there are significant differences in the treatment of foreign investors on the territories of the Sarajevo Canton and Eastern Sarajevo respectively. Thus, for example, in order to obtain a work permit in the Sarajevo Canton a foreign investor needs to pay 1,350.00 KM, while in Eastern Sarajevo the same document costs 50.00 KM. In Eastern Sarajevo, as an administrative division of the Republika Srpska, a foreign investor does not need to validate a diploma in order to obtain a work permit, while s/he is obliged to do so in the Sarajevo Canton. In addition to this, a foreign investor is obliged to authenticate his validation every year in the Sarajevo Canton. The estimate is that, in order to finalise all administrative procedures in the Sarajevo Canton, a foreign investor needs to dedicate at least two weeks of his time

and collect 20 to 24 different documents a year.²⁴ On the other hand, in 2010 the authorities of the RS formed a total of 5 District Commercial Courts in Eastern Sarajevo, Bijeljina, Doboj, Banja Luka and Trebinje with a view to facilitating the registration of business subjects and shorten the deadlines for commercial dispute settlements.²⁵ These types of commercial courts still do not exist in the FBiH, which slows down the business subject registration process and causes inefficient commercial dispute settlements. The partial, i.e. entity based, approach to harmonisation with the *acquis communautaire* will not help BiH to achieve positive grades from the European Commission with regard to its progress in the European integration process.

24 Information for the case study comes from the interview with Mr. Michael Wolski, the representative of the Association for the Improvement of German –B&H Business Relations. This association is a result of a lack of adequate support to the EU investors by local authorities.

25 The European Commission, Progress Report on Bosnia and Herzegovina for 2010, 9. November 2011



Title V

Current Payments and Movement of Capital

a) General Assessment

There are four fundamental freedoms representing the pillars of the common market of the European Union. These are the freedoms of the movement of goods, services, capital and people. Chapter 4 of the *acquis communautaire* defines the issues relating to the free movement of capital. The free movement of capital covers the liberalisation of cross-border payments and money transfer, as well as full freedom to transfer property ownership and financial obligations. For Bosnia and Herzegovina (BiH), obligations under this chapter pertain to defining foreign currency policy aimed at liberalisation of out-of-country money transactions and money transactions by non-residents, proper regulation of the capital market and its full liberalisation, as well as allowing citizens of EU Member States to own real estate in BiH.²⁶ For the countries that are subject to this comparative overview (Croatia, Serbia, Montenegro, Macedonia and Albania) the obligations under Chapter 4 of the *acquis communautaire* are almost identical, the difference being that, for certain countries, obligations under this chapter have been extended to the setting up of a functional payment system with countries abroad (Montenegro, Albania, Croatia and Macedonia) and also to the setting up of a legal and administrative framework for the effective fight against money laundering (Croatia, Macedonia and Albania). The progress made in the area of money laundering will not be shown herein because, in

²⁶ Within six years after the date of entry into force of the Stabilization and Association Agreement in BiH

the context of BiH, these issues are covered by Chapter 2 of the SAA.

In comparison with the progress made in BiH in this area, the levels of implementation are different in other countries. In the area of the movement of capital and cash, along with Croatia and Montenegro, BiH has come furthest along the path towards full liberalisation in line with the relevant requirements of the SAA. However, BiH faces significant challenges in further efforts aimed at liberalisation of the movement of cash and capital particularly in respect of providing EU citizens with the same rights pertaining to access and ownership of real estate. This issue is still being resolved by the countries that are subject to this comparative overview.

b) Implementation of the SAA requirements in Western Balkan countries

Taken as a whole and bearing in mind the findings of the Progress Reports for 2010 on the countries in the region, it could be said that all these countries have achieved a degree of progress with respect to the implementation of the obligations under Chapter 4 dealing with current payments and movement of capital. In any case, with regard to this respective area, Croatia and Montenegro have taken the lead having come the farthest in respect of the liberalisation of the movement of cash and capital. At the beginning of 2010 Croatia liberalised an entire range of areas pertaining to payments abroad and by mid-2010 it had liberalised the approval of short-term financial credits to residents; an obligation that BiH must fulfil by the end of the fifth year from the date of entry into force of the SAA. The liberalisation of deposit transactions abroad by residents had been postponed until the beginning of 2011. Amendments to the Law on Foreign Currency Operations made by Croatia foresee the abolition of safeguard measures which will enter into force on the date of association with the EU. The issue of providing EU citizens with the possibility of owning any type of real estate (there are still limitations regarding agricultural land and land in protected natural reserves) and regulating the issue of special rights of the state in companies, i.e. regulating the issue of so-called “golden shares”, remains the major obstacle in Croatia’s implementation of the obligations pertaining to this area. However, there was some progress made in this area when the Government of Croatia withdrew the Law on Croatian Power Utility, which initially enabled the state to retain 51% ownership.

Montenegro has also made significant progress with respect to the liberalisation of current and capital transactions. However, the amended Law on Foreign Currency and Capital Transactions of 2008 allows for certain exceptions regarding transactions in the public interest pertaining to defence and arising from international agreements. Upon entry into force of the SAA in May 2010, legal and natural persons

from the EU were granted equal treatment to local legal and natural persons with respect to procurement and transactions relating to immovable property, whereby Montenegro surpassed even Croatia. The authorities of Montenegro have not retained special rights regarding ownership of special interest companies; however, the European Commission Progress Report concluded that “investment rules for institutional investors, such as pension funds, have not yet been harmonised with the *acquis*”. Regulation of the payment system in line with Directives 2007/64/EC and 2009/110/EC remains the greatest challenge for Montenegro. The European Commission has concluded that activities should be undertaken not only in the area of the strengthening of the legal framework with respect to regulation of payment institutions and issues of cross-border payments, but that it is also necessary to strengthen by means of appointing new staff the existing administrative structures, which will be subject to greater pressure once the new regulations that have been harmonised with EU requirements enter into force.

Even greater challenges have been put before Albania considering the fact that this country’s payment system deviates from EU requirements and directives in many aspects and that it is far less developed. In its Progress Report for 2010, the European Commission concluded that the existing legislation did not deal with cross-border payment issues and that the payment system services currently only pertained to in-country transactions. Strengthening of the existing institutional structures with new staff was also highlighted as an imperative. With respect to the liberalisation of the movement of capital, the situation in Albania is much more favourable. The Law on Foreign Currency Operations, which entered into force at the end of 2009, enabled a full liberalisation of current payments and capital movement. The Law on Foreign Investment adopted as early as 1993 stipulated completely equal treatment of residents and non-residents with respect to investment. Although the state was legally entitled to retain “golden shares” in cases of public interest, it has not, until now, exercised that right. Such a legal framework has obviously had a very positive effect because foreign direct investment into Albania amounted to €695 million in 2009 (according to information provided by FIPA, FDI for the same period in BiH amounted to €452 million). Certain limitations have been retained with regard to investment in non-banking financial markets that can be justified only in the event that the public interest is seriously jeopardised. Just as in Croatia, Albania limited the possibility for non-residents to own certain types of property (agricultural, forest and pasture land), but the SAA allows for a gradual liberalisation with respect to ownership of real estate. Therefore, Albania has been given a deadline of 1 April 2016 to ensure equal treatment of EU citizens and citizens of Albania. The European Commission has concluded that this will require the strengthening of administrative capacities as well the resolution of disputable property issues.

The weakest progress in the area of liberalisation of capital movement in 2010 has

been identified in Macedonia and Serbia. In the case of Macedonia, this has not necessarily been caused by inadequate operation of state institutions but rather by the fact that, at the moment of drafting of the European Commission Progress Report for 2010, the European Council had still not made the decision to allow Macedonia to proceed to the second phase of implementation of the SAA even though all obligations under the first phase of the SAA implementation in 2008 had been fully met. The consequence of this is that there are still limitations with regard to liberalisation of the movement of capital. EU citizens are not allowed to buy agricultural land and there are huge limitations with respect to transfers which non-residents can perform through their current and foreign currency accounts, as well as to the amount of money that can be transferred across the border. Likewise, there are limitations imposed on residents with respect to portfolio investment, purchase of foreign companies' shares, opening of foreign bank accounts and purchase of real estate abroad. The European Commission concluded that the obligations pertaining to harmonisation of the payment system with EU Directives had been partially fulfilled. However, it also concluded that Macedonia had carried out all preparations for further removal of obstacles in the area of current payments and movement of capital, but also that further efforts were conditioned by approval being granted to Macedonia to proceed to the second phase of implementation of the SAA.

The European Commission concluded that the weakest progress in the implementation of the obligations under this chapter had been made in Serbia, particularly with regard to short-term capital movement where certain limitations had been retained. Although the existing regulations allow for non-residents to invest freely in all sectors, including the weapons sector, as well as for the purchase of real estate based on reciprocity (with the exception of agricultural land), insufficient administrative capacities have been a major obstacle to the implementation of these legal possibilities. The European Commission identified the problems that EU citizens face with regard to defining the legal status of purchased immovable property and its registration, as well as acquiring relevant permits and harmonising them with the relevant urban plans. The final conclusion of the European Commission is that Serbia has achieved moderate progress in the implementation of obligations under the SAA pertaining to this area and that additional efforts need to be invested.

c) Case study: Conditions for purchase of real estate in BiH

As previously mentioned, the authorities have yet to undertake more serious measures with respect to providing EU citizens with full freedom to purchase real estate in BiH. To a certain extent, this has been enabled through the laws regulating foreign direct investment issues, as well as the laws on privatisation of companies and

banks²⁷. However, a serious consideration of the consequences of this liberalisation is yet to take place. What are the greatest challenges that the liberalisation has brought about in this area? The issue of the limited possibility of speculation in the real estate market is certainly one of those challenges.²⁸ The existing legislation needs to include provisions that would make the resale of real estate shortly after its purchase the subject of adequate taxation (as was the case in Croatia), as well as to regulate the issue of payment of taxes on the purchase of building or residential land that is unfinished or under construction²⁹. The latter is particularly problematic from the aspect of speculation, where, for example, building land or unfinished residential buildings might be purchased “in the expectation of a prompt increase in their price due to limited supply and then resold at this higher price”³⁰. Under these circumstances it would be impossible to establish whether the prices were formed “as a result of normal trends in demand and supply” or represented “a part of realised profit based on speculative actions of entrepreneurs”³¹.

Another important issue is how the purchase of real estate by EU citizens will affect the local population. For example, with respect to agricultural land, during the association negotiations numerous former candidate countries agreed a moratorium on land purchase by EU citizens claiming that this would negatively affect the local population who had very low incomes and were largely dependent on agriculture and who could not compete with buyers from the EU³². Similar limitations were requested in the case of the purchase of vacation homes with the rationale that enabling EU citizens to buy such houses would lead to an abrupt increase in prices thus making access to the real estate market impossible for local natural and legal persons³³.

The main lesson to be learned from the other countries that went through the association process is that, despite the requirements imposed by the SAA, it is possible to negotiate more precise conditions of the liberalisation of the real estate market during the conclusion of the Agreement. This implies that, during the negotiation process, it is necessary to precisely define the interests of the country with regard to the real estate market and the economic, ecological and even social

27 EU Integration Strategy of Bosnia and Herzegovina, Page 64.

28 Mihaljek, Dubravko, 2005. “Free Movement of Capital, the Real Estate Market and Tourism: A Blessing or a Curse for Croatia on its Way to the European Union?”. *Croatian Accession to the European Union: Facing the Challenges of Negotiations*. Public Finance Institute. Zagreb.

29 Ibid.

30 Ibid.

31 Ibid.

32 Ibid.

33 Ibid.

effects that full liberalisation would have on the respective country. It has to be unambiguously determined whether “there is an important national interest in the postponement of the liberalisation of the real estate market” and also unequivocally demonstrated that full liberalisation of real estate purchase “might permanently impair the protection of this interest”³⁴. It may be stated that BiH is in a less favourable negotiating position in comparison to other countries. For example, Poland was able to negotiate a “twelve-year moratorium on the right of non-residents to buy agricultural land in Poland, in exchange for the seven-year transitional period for the free movement of the Polish workers in most EU countries”³⁵. Unfortunately, the size of BiH alone does not put it in a position to be able to negotiate such conditions. This issue highlights the importance of a clear determination of the negotiating position of BiH with respect to this matter and other issues in the further course of the association process, in order to ensure that the consequences of association are not too detrimental to the citizens and economy of BiH.

34 Ibid.

35 Ibid



Title VI

Harmonisation of Laws, Law Enforcement and Competition Rules

a) General Assessment

Harmonisation and enforcement of laws represent two main tasks of all the countries involved in the Stabilisation and Association Process regardless of whether they hold the status of a candidate or a potential candidate for EU membership. In addition, competition rules represent the most important legal basis for the market economy in the EU. Competition is raised by the Lisbon Treaty to the level of a fundamental principle of the functioning of the European economy, having an equal status to the four freedoms of movement of goods, services, capital and labour. All the Western Balkan countries share the same priorities in this area. This primarily pertains to the adoption of laws harmonised with EU standards and the establishment of, and capacity building within, the institutions authorised to enforce those laws. In Chapter VI these requirements pertain to the issues of competition, state aid, public procurement, intellectual property, standardisation and metrology. All these areas create preconditions for increasing competitiveness of countries, one of the economic criteria set out at the meeting of the European Council held in Copenhagen in 1993 regarding prerequisites for enlargement that aspirant countries would need to achieve. Closely connected to this subject are the political criteria set out in the same document - functional institutions and the rule of law.

All the Western Balkan countries, with the exception of Bosnia and Herzegovina, have already adopted all the necessary laws and established the requisite institutions. BiH has neither adopted the Law on State Aid nor has it established an independent

operational body in charge of state aid control. With respect to the two-year timeframe from signing of the SAA, which is ongoing in BiH, this report primarily points out the initial problems pertaining to the harmonisation of local legislation to EU standards and the establishment of institutions which all the countries in the region are facing. At present, BiH is struggling with a political problem relating to the failure to adopt the Law on State Aid. This resulted in a failure to meet the deadline agreed for the realisation of this obligation by almost three years. Consequently, all EU officials have urged the highest authorities in BiH to address this issue.

b) Implementation of the SAA requirements in Western Balkan countries

The timeframe pertaining to this part of the analysis is the second year after the signing of the SAA in each of the countries under consideration. This means that it pertains to the European integration processes in Croatia and Macedonia in 2003 and in Albania and Montenegro in 2008 and 2009 respectively. For Serbia, which unilaterally started to implement the SAA after its signing despite the suspension, the period under consideration covers 2010.

In view of the fact that the existence of competent institutions represents the basic precondition for the enforcement of laws, the comparative analysis focuses on the timeframe in which these institutions have been established and on the comparison of the capacities of these institutions expressed by the number of officers employed within them. Limitations of a comparison of this type lie in the inability, for various reasons, to express information in a precise manner. However, the findings can be used for the purpose of a comparative overview. Some countries signed their SAA in 2001 and others in 2008; some doing so at the beginning of the respective year, some in the middle and others at the end. Some countries had already established the necessary institutions long before they signed the SAA and subsequently upgraded them and, in parallel, changed their structure. The evidence of this can be found in the Activity Reports for the years in question. Other institutions have been newly established, such as in the area of competition, state aid, public procurement and consumer protection. On the other hand there are some institutions that already existed in all the republics of the SFRY such as the institutes for standardisation, metrology and intellectual property. These bodies had their own staff that was later taken over by other newer institutions. Institutes for standardisation and metrology are institutions which, in addition to their basic administrative functions, perform professional and scientific activities. This includes staff employed in laboratories and external associates certified for verification of standards in various fields. Having the above in mind, the number of employees working in these institutions should be treated with caution as it was impossible to collect or present precise data,

particularly for years in the distant past. Finally, the level of activities performed by these institutions during the defined period represents a separate indicator.

Institutions for competition protection

The Albanian Competition Authority³⁶ was established in 2003 by the law adopted in July 2003. This means that Albania had had an institution for competition protection for three years before the signing of the SAA. At that time, this institution employed a total of 29 staff; 4 council members, 21 expert associates and 4 technical support staff.

The Competition Council of BiH³⁷ was established on 1 May 2005 according to the law promulgated in 2001. Presently it employs a total of 22 staff; 6 councillors, 6 expert associates and 10 support staff. This means that BiH had established an institution for competition protection four years before the signing of the SAA.

The Administration for Competition Protection³⁸ of Montenegro was established as an independent operational body in 2007 i.e. only a few months before the signing of the SAA. At that time, the systematisation of work posts provided for 13 employees, and, by the end of 2008, eight persons were employed.

ALL THE WESTERN BALKAN COUNTRIES, WITH THE EXCEPTION OF BiH, HAVE ALREADY ADOPTED ALL NECESSARY LAWS AND ESTABLISHED THE REQUIRED INSTITUTIONS. BiH HAS NEITHER ADOPTED THE LAW ON STATE AID NOR ESTABLISHED AN INDEPENDENT OPERATIONAL BODY IN CHARGE OF STATE AID.

The Croatian Agency for the Protection of Market Competition³⁹ was established in line with Parliament's Decision of 1995 as a legal body with public competencies and it started its operations in 1997. Therefore, this took place 4 years before the signing of the SAA. The Agency has 5 councillors and 22 expert associates.

³⁶ Albanian Competition Authority; *Law on Competition Protection* no. 9121 dated 28/07/2003

³⁷ The law in force is the *Law on Competition of B&H*, "Official Gazette of B&H" 48/05, 76/07 and 80/09

³⁸ Legislative framework in the area of competition is represented by the *Law on Protection of Competition* ("Official Gazette of the Republic of Montenegro", no. 69/05), which entered into force on 26 November 2005, in application since January 2006 and the *Law on Amendments to the Law on Protection of Competition* ("Official Gazette of the Republic of Montenegro", no. 37/07), adopted by the Assembly on 6 May 2007, creating the legal framework for the establishment and functioning of the independent operational body for competition protection - The Administration for Competition Protection

³⁹ *Law on the Protection of Market Competition* (Official Gazette of the RC, "Narodne novine", 122/2003)

The Commission for the Protection of Competition⁴⁰ of the Republic of Macedonia was established in 1999 and, after being amended in 2002, set up a five-member commission with a secretariat, three sectors and six departments. This means that Macedonia had developed a competition protection nucleus two years before the signing of the SAA.

The Commission for the Protection of Competition⁴¹ of the Republic of Serbia was established by a law in 2009. It has five members and a Professional Service employing a total of 26 staff members – 17 expert advisors and 9 administrative staff.

Institutions in charge of state aid

The Albanian state aid control system comprises two institutions; the Directorate of State Aid within the Ministry of Economy, Trade and Energy⁴² and the Commission for State Aid. The Directorate is in charge of analytical, statistical and administrative matters while the Commission makes decisions regarding concrete cases. The fact that the law was promulgated in April 2005 indicates that Albania had in place a legal basis for setting up an institution 14 months before the SAA entered into force.

BiH still does not have either a law or an institution for state aid even though, according to its obligations under the SAA, the deadline was July 2010.

Like Albania, Montenegro has two state aid institutions. The Department for the Preparation of State Aid within the Ministry of Finance⁴³ with 4 staff members and the State Aid Control Commission comprising 9 members were established in 2007, a couple of months before the signing of the SAA.

In the Republic of Croatia the same institution is in charge of both competition and state aid - The Agency for the Protection of Market Competition⁴⁴. This is stipulated by the law adopted as late as 2003, i.e. almost two years after the signing of the SAA. At that time there were 4 employees involved in state aid activities.

40 *Law on Protection of Competition* adopted on 11 January 2005 ("Official Gazette of the Republic of Macedonia" no. 04/05). It superseded the *Law against Limiting Competition* ("Official Gazette of the Republic of Macedonia" no. 80/99, no. 29/2002 and no. 37/2004)

41 *Law on the Protection of Competition*, ("Official Gazette of the Republic of Serbia", no. 51/09), in application since 1 November 2009

42 Law on State Aid no. 9374, dated 21 April 2005

43 Law on Control of State Support and Aid ("Official Gazette of the Republic of Montenegro", no. 26/07)

44 Competencies granted by the Law on State Aid (Official Gazette of the RC, "Narodne novine", no. 47/03), State Aid Act (NN 140/05)

In Macedonia, just as in Croatia, the Commission for the Protection of Competition⁴⁵ has been in charge of state aid since 2003 i.e. 2 years after the signing of the SAA. The decisions are made by 5 commission members (as they are in the case of competition) and state aid activities are organised in one sector with two departments.

In Serbia, a Special Commission for State Aid Control⁴⁶ was formed within the Ministry of Finance in 2009 and comprises 5 members. The first constitutive meeting of the Commission, at which the Rules of Procedure of the Commission for State Aid Control were adopted, was held on 30 March 2010. A second meeting was held on 7 June 2010. This was the first working meeting of the Commission and covered discussion of decisions made regarding previous state aid control activities.

Public procurement institutions

Albania has two institutions in charge of public procurement. These are the Public Procurement Agency⁴⁷ acting as the first instance body and the Public Procurement Ombudsman acting as a second instance body; the latter having 14 employees. These two bodies became operational in 2007, 6 months after the signing of the SAA.

BiH also has two institutions covering this area, both established in 2004. The Public Procurement Agency⁴⁸ is the first instance body employing 32 workers – 22 employees in charge of public procurement activities and 10 technical staff. The second instance body is the Procurement Review Body comprising 6 office members and 6 expert associates. BiH had therefore established its first public procurement system 4 years before signing the SAA.

Montenegro also has two institutions with the same purpose established in the same year that the SAA was signed; the Public Procurement Directorate employing 15 officers and the Commission for the Control of Public Procurement Procedures⁴⁹ which has comprised 3 members since its establishment, in addition to 8 expert associates in the Secretariat.

As in the other countries of the region, Croatia has a Public Procurement

⁴⁵ Law on State Aid (Official Gazette of the Republic of Macedonia no. 24/03)

⁴⁶ Law on State Aid Control ("Official Gazette of the Republic of Serbia", no. 51/09) and the Decision Establishing the Commission ("Official Gazette of the Republic of Serbia", no. 112/09)

⁴⁷ *Law On Public Procurement* no. 9643 of 20 November 2006

⁴⁸ Law on Public Procurement of Bosnia and Herzegovina ("Official Gazette of B&H", no. 49/04, 19/05, 52/05, 8/06, 24/06, 70/06, 12709 and 60/10)

⁴⁹ Law on Public Procurement of the Republic of Montenegro, "Official Gazette of the Republic of Montenegro", no. 46/06

Administration and the State Commission for the Control of Public Procurement Procedures⁵⁰ established in the same year as the signing of the SAA. Two years after its establishment, the Administration had 19 employees and the Commission had 5 members and 13 expert associates in the Secretariat out of a total of 26 employees.

The Macedonian Public Procurement Bureau⁵¹ and the State Commission on Public Procurement Complaints were established in 1998 and 2001 respectively. The Bureau had 11 employees at the time, while the Commission consisted of 5 members and the Secretariat.

Serbia has had the Public Procurement Administration and the Republic Commission for the Protection of Rights in Public Procurement Procedures⁵² since 2002, 6 years before the signing of the SAA. Just as in BiH, the relevant law was amended almost every year. In 2005 the Administration had 18 employees while the Commission consisted of 5 members and the Secretariat.

Institutions for standardisation

The Albanian General Directorate of Standardisation⁵³ was established in 1999. In BiH this field is under the competence of the Institute for Standardisation of BiH⁵⁴ established in 2004. The Institute employs 12 managing officers and over 50 external associates.

The Institute for Standardisation⁵⁵ of Montenegro was established in accordance with the government's decision of 2007 and it employs 13 managing officers. The Croatian Standards Institute⁵⁶ was established in 2003 and, according to the Activity Report for 2005, it employed 33 civil servants and employees. The Macedonian Institute for Standardisation⁵⁷ was established in 2002 and became operational in 2003. According to information contained in the Activity Report for 2005, it had 6

50 Law on Public Procurement (Official Gazette of the RC, NN, no. 117/01)

51 *Law on Public Procurement* ("Official Gazette of the Republic of Macedonia" no. 26/98, 50/2001, 2/2002 and 24/2003)

52 Law on Public Procurement of the Republic of Serbia, "Official Gazette of the Republic of Serbia" no. 39/02, 43/03, 55/04, 101/05 and 116/08 Rifat Zlomušica, A Comparative Analysis of Legal Protection in the Area of Public Procurement, Volumes on Public Law, no. 2, Year 2, Foundation - Public Law Centre, April 2011.

53 Law on Standardisation, 1999

54 Law Establishing the Institute for Standardisation of Bosnia and Herzegovina, ("Official Gazette of B&H" no. 44/04).

55 Decision on Establishing the Institute for Standardisation of Montenegro ("Official Gazette of the Republic of Montenegro", no. 21/2007)

56 Law on Standardisation (OG of the RC, NN, 163/2003)

57 Law on Standardisation ("Official Gazette of the Republic of Macedonia" no. 54/02) and the Decision of the Government of the Republic of Macedonia ("Official Gazette of the Republic of Macedonia" no. 14/03).

employees. Finally, the Institute for Standardisation of Serbia⁵⁸ was established in 2009 and the systematisation for 2010 shows 26 managing positions.

Institutions for metrology

The General Directorate of Metrology and Calibration in Albania has 19 managing officers and it employs 110 people in the headquarters and the 4 regional centres with laboratories. Due to the nature of the constitutional and legal system of BiH, the competencies in metrology are held by both state and entity bodies, which mutually coordinate their activities. The Institute of Metrology of BiH⁵⁹ was established by law in 2004 and became operational in 2005. The systematisation shows 12 managing positions and 6 laboratories. The entity institutes are the Institute for Metrology of the FBiH and the Institute for Standardisation and Metrology of the RS, which employ 27 expert associates out of a total of 31 employees.

The Bureau of Metrology of Montenegro⁶⁰ was defined by a government decree in 2009. In Croatia, the National Metrology Institute⁶¹ was established in 2003 and reorganised in 2007. The Bureau of Metrology⁶² of Macedonia was established in 2002 and two years later it had 33 employees. Serbia established its Directorate of Measures and Precious Metals within the Ministry of Economy only recently, in line with the law of 2010⁶³. The Directorate has 19 managing officers.

Institutions for intellectual property protection

The Albanian Copyright Office⁶⁴ was established in accordance with the law of 2005 but became operational as recently as April 2007. According to data from 2008 it had 13 employees. The Institute for Intellectual Property of BiH⁶⁵ was formed in 2004. Prior to that, it was operating within the Institute of Standards, Metrology and Intellectual Property in line with the law of 2001. At present it employs a total of 52

58 Official Gazette of the Republic of Serbia, no. 36/ 2009

59 Law Establishing the Institute for Metrology of BiH, Official Gazette of BiH – no. 43/04

60 Decree on the Organisation and the Manner of Work of the State Administration ("Official Gazette of the Republic of Montenegro", no. 59/09)

61 Law on Metrology ("Official Gazette of the RC", NN, no. 163/03, 194/03, 111/07)

62 Law on Metrology ("Official Gazette of the Republic of Macedonia", no. 55/2002)

63 Law on Metrology, "Official Gazette of the Republic of Serbia", 30/2010

64 Established in April 2007 in line with the *Law on Copyright and Related Rights* 9380 /2005

65 Parliamentary Assembly of Bosnia and Herzegovina, at the meeting of the House of Representatives held on 9 June 2004, as well as at the meeting of the House of Peoples held on 29 June 2004, adopted the Law Establishing the Institute for Intellectual Property of BiH.

persons of which 35 are engaged in intellectual property protection activities and 17 are technical support staff.

The Intellectual Property Office of Montenegro⁶⁶ started its operation on 28 May 2008 and had 7 managing officers at the time. However, the National Intellectual Property Office⁶⁷ of the Republic of Croatia was established in 1991 and, according to the Activity Report for 2005, it had 99 employees. The State Office of Industrial Property⁶⁸ of the Republic of Macedonia was established in accordance with the law of 2002 and the systematisation shows 15 managing officers. Finally, the Intellectual Property Office⁶⁹ of the Republic of Serbia was formed in line with the Law on Ministries of 2008, employing 18 managing officers.

Consumer protection institutions

Consumer protection in the region relies on civil associations while specialised state agencies are involved in only three countries. In Albania a law was passed in 2008⁷⁰ that led to the establishment of a specialised Consumer Protection Department within the Ministry of Agriculture, Food and Consumer Protection. However, the State Consumer Protection Commission was only established in 2011. It comprises 5 members, one of whom represents the Consumer's Association as a civil association.

In BiH, the area of consumer protection was defined by the Law on Consumer Protection of 2006⁷¹. The institution competent for the enforcement of the respective law is the Ombudsman for Consumer Protection, which started operation in 2007. Civil associations for consumer protection established at the level of BiH and the entities – the Federation of BiH and the Republika Srpska - also play a role in this area.

In Montenegro there is the Consumer Protection Centre operating as a non-governmental organisation in line with the law of 1999⁷². Croatia established its consumer protection system as early as 2003 with the main role given to consumers' associations as non-governmental organisations. The law of 2007 also established the National Consumer Protection Council comprising representatives from the competent state institutions.

66 Decree on Providing the Application of Intellectual Property Rights ("Official Gazette of the Republic of Montenegro", no. 61/07)

67 Established in 1991

68 The Law on Industrial Property 12 January 2009, entered into force on 12 February 2009 superseding the Law on Industrial Property ("Official Gazette of the Republic of Macedonia", no. 47/2002, 42/2003, 09/2004, 39/2006, 79/2007)

69 Law on Ministries, "Official Gazette of the Republic of Serbia" 65/2008

70 Law on Consumer Protection no. 9902 of April 2008

71 Law on Consumer Protection, OG B&H 25/06

72 The law in force is the Law on Consumer Protection of Montenegro, "Official Gazette of the Republic of Montenegro" no. 26/07.

The Consumer Protection Association had already been established in 2000 followed by the Union of the Consumer Protection Associations in 2005. In Macedonia, the Consumers' Organisation of Macedonia has existed since 1996. Serbia adopted the Law on Consumer Protection in 2002 and the Consumers' Association of Serbia was formed comprising 6 non-governmental organisations. Through amendments to this law in 2005, the Consumer Protection Council was established within the Government.

Table of comparison: time period for establishing respective institutions in relation to the date of signing of the SAA and the number of staff employed two years later:

Country, date of signing of the SAA and the reference year Establishing of the institution and the number of employees in the reference year	Albania June 06 2008	B&H June 08 2010	Montenegro Oct 2007 2009	Croatia Oct 01 2003	Macedonia April 01 2003	Serbia April 08 2010
Competition	3 years before 29	3 years before 22	Same year 8	4 years before 27	2 years before 20	2 years after 31
State Aid	1 year before X	N/A X	Same year 13	2 years after 4	2 years after 3	2 years after 5
Public procurement	1 year after 15	4 years before 44	Same year 26	Same year 45	2 years before 20	6 years before 40
Standardisation	7 years before X	4 years before 12	Same year 13	2 years after 33	2 years after 6	2 years after 26
Metrology	2 years after 110	3 years before 70	2 years after X	2 years after X	1 year after 33	2 years after 19
Intellectual property	1 year after 13	4 years before 52	1 year after 7	10 years before 99	1 year after 15	Same year 18
Consumer protection	2 years after 5	1 year before 3	8 years before X	2 years after X	7 years before X	6 years before X

c) Case study: Independence of the institutions in charge of state aid

Operational independence of the institution responsible for state aid control emerges as an important factor affecting the adoption of the Law on State Aid in BiH. For five years now there have been discussions in BiH about whether the competence for enforcement of state aid should be given to the existing Institution for Consumer Protection, to a completely new institution or distributed in line with the existing competencies to the Ministries of Finance and Foreign Trade and the State Aid Commission. The latter has yet to be formed and will act as the body that will independently perform final decision-making.

OPERATIONAL INDEPENDENCE OF THE INSTITUTION RESPONSIBLE FOR STATE AID CONTROL EMERGES AS AN IMPORTANT FACTOR AFFECTING THE ADOPTION OF THE LAW ON STATE AID IN BIH. FOR FIVE YEARS NOW THERE HAVE BEEN DISCUSSIONS IN BIH ABOUT WHICH INSTITUTION SHOULD BE GIVEN THE COMPETENCE TO ENFORCE STATE AID REGULATIONS.

The purpose of state aid control is to help the country that wants to accede to the EU become accustomed to state aid regulations prior to becoming a member. Upon joining the EU, state aid control shall be taken over directly by the European Commission i.e. the Directorate-General for Competition that has its own State Aid Sector. This explains why there are no independent national state aid bodies in EU Member Countries. In the Western Balkan countries there are different models. In Croatia, the body competent

for the approval of granting state aid is the Agency for the Protection of Market Competition, which also monitors competition regulations as its primary duty. In Serbia, this is the five-member State Aid Commission within the Ministry of Finance. In Montenegro, this activity is performed by the Department for the Preparation of State Aid within the Ministry of Finance, while the decisions regarding concrete cases are made by the Special State Aid Control Commission. In Albania, activities are divided between the Directorate of State Aid within the Ministry of Economy, Trade and Energy as a technical body on one side and the five-member Commission for State Aid as an independent body making decisions regarding specific state aid cases on the other. In Macedonia, in turn, this is done by the five-member Commission for the Protection of Competition acting as a state aid commission. In all the above mentioned cases the commission members are nominated or appointed by relevant ministries or governments, accompanied by a legal definition of the operational independence in decision-making.

The essence of such independence lies in the application of the principle of the direct effect of EU regulations in the area of state aid in the legal system of aspiring countries.



Title VII

Freedom, Security and Justice

a) General Assessment

Pursuant to Title VII of the Stabilisation and Association Agreement (SAA), entered into with the European Union individually by the Western Balkans countries, a series of obligations has been agreed upon regarding reinforcement of institutions and rule of law, migration, asylum, border control and combating crime and terrorism. Taking into account that, as a rule, ratification of the SAA takes between two and three years and that Interim Agreements do not include relevant provisions regarding “Freedom, Security and Justice”, to achieve progress in this area it is essential for the countries in the region to fulfil the obligations contained in other relevant documents. These include the “European Partnership”, the pertinent resolution of the European Council and, with the exception of Croatia, the so-called ‘Roadmap’ towards a visa-free travel regime.

In addition to the original demands, there are further challenging circumstances for the countries in the region in the process of achieving and implementing standards in this area, namely the wars in their recent past and the relatively early stage of their political and legal transition. These are “young democracies” with incomplete and insufficiently functioning institutions where the value of the concepts of “legal state” and “rule of law” is still in its initial evolutionary stage.

b) Implementation of the SAA requirements in Western Balkan countries

With regard to visa policy, increased efforts of responsible agencies and institutions to fulfil their obligations in a timely fashion were noted during the reporting period in the countries in the region that were presented with the prospect of visa-free travel. However, this does not imply that the countries in the region were equally successful in fulfilling their obligations in this regard. For example, in relation to biometric travel documents, a six month delay was noted in BiH due to technical difficulties so that by June 2010 approximately 300.000 biometric passports had been issued. In contrast, in Serbia and Montenegro that, along with Macedonia, had been placed on the Schengen White list in December 2009, approximately 1,500,000 and 120,000 biometric passports respectively were issued in the same period. In nearly all countries in the region there were discrepancies between their own visa rules and the requirements of the Schengen acquis⁷³. An additional problem for countries in the region that have had access to visa free travel since December 2009 is attempts by citizens to misuse the system by trying to convert short term stay in Schengen countries into longer term stay via asylum, employment or other means⁷⁴. In nearly all countries in the region significant delays in connecting digital land registers and border crossings into a unified register of migration and visa modules were noted⁷⁵. On the other hand, an increase in incorporating the Schengen acquis was noted by way of the normative regulation of procedures required for issuing different types of visas as defined by the Schengen acquis (A, B, C, D) and a reduced number of visas issued at border crossings. At the same time, in most countries, there is a significant lack of capacity and technical equipment in digital land registers for issuing visas as well as the need for more progressive training of consular staff responsible for these issues.

Significant improvements in harmonisation of Croatian visa policy with that of the EU were made in 2003. A new Law on Foreign Citizens and several bylaws were adopted⁷⁶ and a motion was made for the proposal of an act of amendment to the act on travel documents of Croatian citizens. On the other hand, there were notable delays in linking the diplomatic and consular representations of Croatia into a single information-communication system 'IKOS' as the central database for migration and visa modules⁷⁷.

73 Discrepancies were evident in visa rules that the countries in the region agreed with third countries in bilateral agreements which did not correspond to visa policies of the European Union with regard to the countries in question.

74 This practice was specifically noted in Belgium and Sweden. For these reasons, stricter control and monitoring mechanisms are in place and there are initiatives for reintroduction of visas.

75 In BiH for instance, a functional database within IDDEEA was set up in 2010 rather than 2009.

76 Regulations on the status of foreign citizens in Croatia, travel documents for foreign citizens, visas, border passes, manner of conduct toward foreign citizens, issuance of travel documents, issuance of diplomatic and official passports and visas to Croatian citizens, etc.

77 *During the reporting period, 28 digital land registers for Croatia around the world were included in the unified information system.*

In the field of border management, improvements were noted in most countries but a number of weaknesses were still present. At the strategic level, proper implementation of Integrated Border Management Strategies and Action Plans was noted as well as successful cooperation in border patrols and control⁷⁸ and the physical blocking of sites used for illegal border crossings⁷⁹. At the legal level, a degree of improvement was noted in most countries⁸⁰. As for the weaknesses observed, the most prominent among these were unsatisfactory infrastructure and technical capabilities at border crossings⁸¹ and the lack of adequate connection to a single database. Additionally, the issue of demarcation and other border related issues were identified as tasks that required urgent attention.

Varying levels of progress were noted regarding the issue of asylum. Relevant legal acts were adopted in the countries in the region but the drafting and adoption of bylaws was delayed. Significant problems were noted regarding adequate institutional and operating structures. Serbia was late in establishing an Asylum Office; in Montenegro there was no legal remedy to the second instance decision in the process of asylum consideration and in BiH establishment of the permanent settlement centre in Trnovo was delayed.

In the field of migration, legal and strategic frameworks regulating the status, employment and work of foreign citizens, as well as control of migration, were established⁸². The level of illegal migration in the countries in the region was reduced and at the end of 2008 Serbia, Croatia, BiH, Macedonia, Albania and Montenegro signed a Memorandum of Understanding on the Establishment of a System of Statistical Information Exchange on Illegal Migration and Participation in the Early Warning System. On the other hand, the main problem in this area was the

78 Serbia, Albania, BiH and Macedonia signed a joint declaration on cooperation in the field of border security in South Eastern Europe. Bilateral protocols between the countries in the region signed on implementation of previously signed agreements on border control and increased cooperation with FRONTEX and EUROPOL was noted.

79 By the end of the reporting period, on the BiH side of the border with Croatia, a total of 87 sites suitable for illegal border crossing by car were blocked.

80 During the reporting period, the Law on State Border Control was adopted in BiH, the Coordinator for Integrated Border Management was appointed and a Memorandum of Understanding was signed between responsible institutions which proposed establishing a Joint Border Management Risk Analysis Centre. In Serbia, a new law on state border protection and relevant bylaws were adopted and in Croatia the Law on State Border Control was adopted.

81 Unsatisfactory technical standards refer to a lack of integrated passport readers and fingerprinting devices at border crossings and a lack of connection to a unified information system.

82 In BiH the necessary bylaws were adopted for implementation of the Law on Movement and Stay of Aliens and Asylum; conditions were improved in the Immigration Centre in Lukavica; the capacities of the Service for Foreigners' Affairs were enhanced; there were continued efforts in implementing the Agreement on Readmission with the European Union and new bilateral agreements were signed. In Serbia, a Strategy for Migration Management and a Strategy for Combating Illegal Immigration were adopted, as well as the Law on Foreign Citizens. In Croatia, the Law on Foreign Citizens and a series of bylaws were adopted. In Montenegro, the Law on Foreign Citizens, the Law on Labour and Employment of Foreign Citizens and a Strategy for Integrated Migration Management were adopted.

unsatisfactory implementation of adopted laws and strategic acts due to insufficient funds and a lack of institutional capacities. A more proactive approach was required to ensure effective integration of migrants and returnees based on reliable statistical information regarding their numbers and socio-economic profiles, as well as a unified database on migration bearing in mind that the countries in the region are on transit routes for illegal migration from the Middle East towards Western Europe.

Poor implementation of adopted acts, poor coordination of activities and insufficient institutional capacities were observed in the field of money laundering. Additionally, adopted acts in the majority of the countries in the region were not aligned with the corresponding conventions of the European Council or OUN. A further difficulty for BiH was legal discrepancies between the state and entity level. A particular problem was a lack of awareness of professionals and the public of the dangers of illegal financial transactions and money laundering.

The situation was similar in the area of combating the illegal drug trade. During the reporting period, legal acts on combating the illegal drug trade were adopted in all countries in the region⁸³; their implementation, however, was unsatisfactory. This applies particularly to Macedonia, Serbia, BiH and Montenegro which are still main transit routes for drug traffic from the East towards the Western European countries. Another problem was the poor level of cooperation between the countries in the region, as well as the fragmented police and judicial apparatus in BiH. Lastly, another common problem was the lack of adequate statistical data available for strategic planning in this field.

In the field of combating organised crime and terrorism, certain progress has been observed at the legislative level⁸⁴. However, implementation of adopted acts was unsatisfactory on account of insufficient institutional capacities and inefficient

83 In BiH, for instance, it was the Act on Amendments to the Act on Prevention and Abuse of Illegal Drugs which established the Commission for Drugs at the national level. In Serbia the Strategy on Combating Drug Use and its action plan and basic legal acts were introduced and in Montenegro, the National Strategic Response to Combating Drug Use and accompanying action plan were adopted.

84 In BiH the Law on Firearms and Control of Military Equipment, the Law on Weapons, the Law on International Law in Criminal Proceedings as well as the revised Strategy for Combating Organised Crime 2009 – 2012 were all adopted. In Serbia, a National Strategy on Combating Organised Crime, the Law on Organisation and Authority of State Bodies in Combating Organised Crime, the Law on Prison Sentences for Organised Crime and amendments to the Criminal Law were adopted. In Montenegro, the new Law on Criminal Procedure was adopted and an additional protocol of the European Convention on Legal Assistance in Criminal Matters was ratified. In Croatia, amendments to the Criminal Law were adopted. The Law on the Office for Combating Corruption and Organised Crime, the Law on Criminal Procedure and the Program of Special Actions and Measures for Combating Organised Crime were all introduced. A special working group was formed for the purpose of creating a special National Plan for Combating Organised Crime. Additionally, work was completed in drafting amendments to the Law on Criminal Procedure and the Law on the Office for Combating Corruption and Organised Crime. In Albania and Macedonia relevant strategic documents were adopted in the reporting period, both of a general nature, such as the National Strategy for Combating Organised Crime in Macedonia and more specific ones, such as the Action Plan for Combating Stolen Vehicle Sales in Albania.

coordination between police agencies and other relevant authorities⁸⁵. In this sense, BiH was distinctive on account of its fragmented police and judicial apparatus and, in particular, differing perceptions of the most significant risks and dangers of organised crime and terrorism between the state and entity levels. The Council of Ministers of BiH confirmed the existence of problems in implementation of adopted acts by approving a negative report on the implementation of the Strategy in Combating Organised Crime and Financing of Terrorism 2006 - 2009.

In the area of protection of personal information, the most significant progress in BiH was achieved through the establishment of the Agency for Protection of Personal Information. However, although the director of the agency was appointed during the reporting period and the facilities necessary for functioning of the agency were provided, its capabilities are still not satisfactory considering that out of 45 systematised positions only 15 were filled. Additionally, in accordance with the regulations set out in the Law on Protection of Personal Information, all institutions in BiH were to adopt bylaws for the purpose of its implementation but there were significant delays in this. In Montenegro, even though the Law on Protection of Personal Information was adopted, no marked progress took place because independence of the authorised body was not ensured and the amendments to the relevant law that would have solved this issue were significantly delayed. In Serbia, the Representative for Information of the Public assumed the role of the supervisory body in this field. However, their office was not equipped with adequate technical and material assets and there was the issue of possible conflict of interest of the Representative in the two contrasting functions they were to perform. In Albania, the Law on Protection of Personal Information was adopted and a Commissioner for Information Protection was appointed although the capacities of the agency were insufficient. In Croatia, the Law on Protection of Personal Information was adopted as was the Convention on Protection of Persons from Automatic Data Processing. Generally, in all countries in the region, insufficient institutional capacities for this area were identified, as well as the need for further harmonisation of their legal solutions with European Union standards.

85 In Montenegro, despite marked improvements in institutional capacities in the Department of the Special Attorney's Office for Combating Organised Crime, Terrorism and War Crimes as well as the Police Administration for Combating Organised Crime and Corruption, European Commission reports clearly state the need for ensuring better coordination between the police, attorney's office and courts in order for the fight against organised crime to be more effective. The situation was similar in Serbia, where the position of the attorney was reinforced but simultaneously, a need was recognised for improving coordination in the operations of different police agencies. In Macedonia, on account of insufficient coordination between police bodies and a lack of strategic planning, particularly in cases of domestic and international ethnic tensions, organised crime and terrorism were identified as the greatest risks to the constitution.

c) Case study: Combating the illegal drug trade (Article 83 of the SAA)

The issue of combating the illegal drug trade as one of the elements involved in combating organised crime in general is interesting for several reasons. First of all, based on the assessment of the fulfilment of obligations in this area by the countries in the region during the observed period, their general, common institutional and operating weaknesses are clear. Simultaneously, specific weaknesses of BiH can be observed that were not identified in other countries in the region. In all countries in the region, adequate activities on the legislative level was present, in the sense of the creation of adequate strategic, legislative and normative frameworks for combating the drug trade. This highlights that there is a focus on the necessity of realising the defined obligations by politicians, represented by legislative bodies. As a rule, serious problems were encountered at the institutional and operational level and BiH, in this context, does not differ significantly from the other countries in the region. However, while for most countries in the region the source of problems in this area was of a technical and financial nature, in BiH, it appears, more significant problems arose from its internal structure and what the European Commission usually describes as "a fragmented police and judicial apparatus". Furthermore, the large number of police and other relevant agencies at all levels of government and the logistical and financial requirements they present, are only a part of the problem. A far more serious problem is the political interventionism of certain levels of government that results not only in poor operational coordination of police agencies in BiH in the context of combating the drug trade, but also in the fact that in certain situations regional cooperation is more satisfactory than that which exists within BiH itself.

Unlike the majority of the countries in the region going through the process of fulfilling the obligations from Chapter VII of the SAA and other relevant documents, BiH is characterised by the prevalence of political problems rather than those of a technical, institutional or operational nature. Different perceptions of the state itself and the distribution of authority between state and entity governments were the primary source of delays, or, in certain cases, failure to fulfil defined obligations.

Strengthening the mechanisms of coordination between existing institutional and operational structures, combined with the elimination of political manipulation of the obligations of BiH in the area of "Freedom, Security and Justice" present the only functional framework, but are also the fundamental condition for achieving significant progress in its implementation.



Title VIII

| Cooperation Policy

a) General Assessment

Taking into account a common “socialist heritage“ the transition of the Western Balkan countries towards the European Union (EU) in the area of cooperation policy is characterised with an almost identical requirements for all countries in terms of the basic legal and administrative criteria set out in the *acquis communautaire*. Such reforms also need to correspond with the institutional framework of the EU in the fields of industry and small and medium enterprises, agriculture and fishing, environment, transport policy, energy policy, information and media and statistics.

Assessment and analysis of available reports published by the European Commission, national government bodies and non-governmental organisations regarding the progress made by individual countries in the area of cooperation policy during the second year after the signing the Stabilisation and Association Agreement (SAA), leads to the general conclusion that the Western Balkan countries are each progressing at their own pace towards achieving the goals defined in the national plans for acceding to the EU. Namely, in the period under review, countries that are achieving significant progress in the reform process (Croatia, Montenegro, Serbia), while countries with modest results in implementing the reform process (Albania, Macedonia, Bosnia and Herzegovina) are clearly distinguishable.

b) Implementation of the SAA requirements in Western Balkan countries

In the National Program for Croatia's accession to the EU for the year 2003, the Government of Croatia emphasised the need for more efficient harmonisation of Croatian legislature to the *acquis communautaire* and improvement of the administrative capabilities of relevant institutions in order to fulfil the required obligations as soon as possible. This program projected the adoption of 83 laws and bylaws coordinated with the *acquis communautaire*. In 2003, the Croatian Parliament adopted 65 out of these planned 83 laws (78.3%), of which more than a half of the laws (33) concerned areas covering cooperation policy. This leads to the conclusion that Croatia took a significant step forward in improving legislative procedures compared to the previous year. Despite the aforementioned improvement, the reform processes in cooperation policy are still beset with difficulties. There was a significant lack of implementation of the adopted laws attributable to the inadequate administrative capability of the relevant ministries to enforce the *acquis*. Therefore, the general problem in the second year after signing of the SAA was the lack of institutional capacity for enforcement of the newly adopted laws. The process of improvement is difficult in nearly all areas: in the area of regional development (due to the existence of several ministries that handle regional and local development issues and a lack of coordination in their work), environment (limited human and material resources in the relevant ministry means that adopted legislation is only slowly enforced with no clear strategic approach and accompanying planning); energy (still state-owned with no implementing laws relating to regulation of the energy market and difficulties in acquiring the necessary staff for the Council for Regulation of Energy Activities).

The political determination of the Government of Montenegro to promptly overcome obstacles on the way to the EU resulted in an exceptionally dynamic and agile approach to the process of harmonisation and alignment of their legislation with the *acquis* in all relevant areas in the second year after the signing of the SAA. The majority of planned legislative activities have been completed: 70 new laws and 32 accompanying decisions have been adopted as well as a slightly lower number of accompanying legal acts and strategic development documents. At the same time however, faster development in the process of translating the new legislation into practice was prevented by two obstacles: (1) insufficient and inadequate human resources that are supposed to provide an impetus to new qualitative changes and (2) the insufficient administrative and financial capacity of the relevant ministries in the areas of industry, agriculture, environment, transport, information and statistics. The above-mentioned can be illustrated with the following two examples. The Montenegrin Statistical Office, which is the lead institution in the area of statistics, had only 135 employees in 2009 out of a planned number 203 as envisaged in the new systematisation of April 2008, despite the presence of activities planned for the

improvement of institutional capacities. The process of improving the institutional capacities of this office is riddled with difficulties: (1) ensuring adequate office space, (2) retaining trained staff and (3) a general lack of interest. Similarly, in the area of electronic media, delays in appointing board members and the executive director of the Agency for Electronic Communication led to the failure to meet planned deadlines for the adoption of relevant laws and bylaws. Combined with the very poor administrative capacities of the agency and the problem/issue of its independence, this makes significant progress in this field very difficult to achieve.

During the period under review, the legislative process in Serbia was significantly improved due to strong European momentum at the political level. The conclusion that significant improvement has been made in harmonisation and alignment of legislation with the *acquis* is best illustrated by the number of adopted laws (63) and regulations (46) related to the area of cooperation policy. During this period, relevant legislative frameworks and accompanying strategic documents meeting European standards were adopted in the fields of small and medium enterprises, agriculture and fishing, environment, transport policy, energy policy, information and media and statistics. The above-

mentioned clearly demonstrates that efforts are continuing to gradually improve the legal framework and harmonise it with the *acquis*. The lower overall 'grade' for the reforms achieved in the second year after the signing of the SAA is largely the result of slow and difficult implementation of new laws and bylaws. Moving from the stage of policy formulation and identification of strategic goals to the implementation stage, despite its vast significance for the success of reform efforts, is not easy; however it may seem at the beginning. This is evident in the example of industry and small and medium enterprises. Progress, or frankly regression in this field, was heavily influenced by a change of focus of the relevant ministry from small

IN THE SECOND YEAR AFTER SIGNING THEIR SAA, THE COUNTRIES WHERE ACCEDING TO THE EU IS A SERIOUS STRATEGIC GOAL (CROATIA, MONTENEGRO, SERBIA) MADE SIGNIFICANT QUANTITATIVE PROGRESS IN FULFILLING THE REQUIRED OBLIGATIONS, PARTICULARLY IN THE AREA OF CREATION AND HARMONISATION OF THE LEGAL FRAMEWORK WITH THE ACQUIS. THIS STAGE CAN BE TENTATIVELY NAMED THE 'STAGE OF LEGAL REFORMS'. IN THIS STAGE, THE CREATION OF LAWS CONSTITUTES THE MOST IMPORTANT PART OF THE REFORM PROCESS AND THE SUCCESS OF REFORMS IS MEASURED BY THE NUMBER OF LAWS PREPARED AND PROPOSED BY THE GOVERNMENT, THE NUMBER OF LAWS ADOPTED BY THE PARLIAMENT/ASSEMBLY, THE NUMBER OF ADOPTED DEVELOPMENT DOCUMENTS AND THE NUMBER OF NEWLY ESTABLISHED AGENCIES. THESE CRITERIA ARE USED AS INDICATORS FOR ASSESSING THE SUCCESS OF THE REFORM PROCESS.

and medium enterprises to regional development. This reshuffling of the strategic approach resulted in a significant reduction of human resources in the Small and Medium Enterprises Department with the Ministry. The upshot of these changes was diminished administrative capacity and obstruction of the implementation of the adopted National Strategy for the Development of Small and Medium Enterprises 2008-2013 and the Law on Small and Medium Enterprises.

Albania, Macedonia and BiH are countries where, in the 2nd year after SAA signing, not only stagnation but a decrease in implementing measures and activities required for the process of accession to the EU is clearly evident.

Analysis of results for Albania demonstrates that improvement of the legislative process was significantly less dynamic than in Croatia, Montenegro and Serbia. Although it is impossible, from available sources, to determine the exact number of laws and bylaws that have been adopted, relevant reports of the Albanian Government and the EC have concluded that the adoption of legal acts is problematic and has been delayed in nearly all areas that fall under cooperation policy. There are two reasons for this: insufficient institutional capacities within the relevant ministries and inadequate training of existing staff responsible for preparation of the legal acts that need to be aligned with the *acquis*. Additionally, in certain areas (e.g. agriculture, information and media and energy policy), there are delays in adopting relevant strategic documents and bylaws after the adoption of the legal framework. Since improvement of the legal framework is very rarely accompanied by simultaneous drafting of the accompanying strategic documents or improvement of institutional capacities of the key actors at the level of the relevant ministries and agencies, the reform processes, as a rule, develop no further than the initial stage.

The situation in Macedonia is similar to Albania. In the analysed period, the effects of the political crisis and change of government resulting from the recent parliamentary elections are still noticeable and have led to significant delays in the process of European integration during the second year after the signing of the SAA in all areas covered by cooperation policy. Significant delays in carrying out planned activities are evident at two levels: at the level of legislative harmonisation with the *acquis* and that of structural and institutional reform. It is therefore not surprising that, even in the carefully formulated report of the EC for the period, it is mostly stated that “no particular progress was noted in the reporting period” (EC 2003).

The increasingly deeper political crisis in BiH resulted in “total deterioration in realisation of defined obligations...” (FPI 2011) in the second year after the signing of the SAA. The scope of this deterioration is best illustrated by using the example of legal harmonisation: the Parliament of BiH adopted only 27 out of a planned 111 laws in 2010 of which only 7 were “European” and related to areas covered

by cooperation policy. We do not need to point out the fact that harmonisation of the legal framework with the *acquis* is the first and main condition for further improvement in the reform process and that the blocked legislative process is causing significant delays in implementing the projected measures in all sectors not least in the areas of energy, agriculture and the environment. The 2010 Annual Report states that “these fields were marked as critical in previous reports, not only in the sense of harmonisation of legislation with the *acquis communautaire*, but in the area of implementation and improvement of human and material resources at the state level and inter-sector cooperation” (FPI 2011).

c) Case study: Challenges in implementing the animal welfare legislation

Animal welfare legislation was one of the key laws in the environmental field that the Western Balkan countries were obliged to adopt in the first wave of harmonisation of their laws with the *acquis*. It is interesting to note that in all of the countries this legislation was adopted, on average, at least a year later than planned. For instance in Serbia, the law was adopted only after a number of representatives from the European Parliament requested the President B. Tadić to personally campaign for its adoption since, as their letter stated, “Serbia, along with Albania and BiH, is among the last member states of the European Council that do not have a law on animal welfare”.

The BiH Parliamentary Assembly adopted a law on animal welfare on Feb 26 2009 and it entered into force on Apr 8 2009. The adoption of this law, in an environment that is historically known for cruelty and violence towards animals, is the first step towards establishing more civilised and humane treatment of animals. The law prohibits the inhumane and illegal practice of the elimination of stray dogs by means of execution using firearms and a fine of up to BAM 200,000 can be charged for an act of inflicting pain, suffering, damage or torture on an animal. The law defines the obligations of municipalities concerning housing of abandoned animals. Within one year of this law coming into force, municipalities are required to ensure housing or shelter for abandoned animals; legal timeframes have been set for pet owners within which they are required to register and perform microchip tagging for their pets and abandoning animals is liable to a fine up to BAM 10,000.

Since the adoption of this law only provides a framework for the protection of animals, its effectiveness depends on adequate and full implementation and this will determine whether it is just a theoretical change or will bring about a fundamental shift in conduct and responsibility towards protecting, keeping and using animals. If we observe the implementation of this law through the example of conduct towards

stray dogs, we have to admit that an increased number of such animals in the streets in BiH (and the situation is similar in other countries apart from Croatia) is an alarming sign that the implementation of the law is, mildly put, poor.

UNLIKE CROATIA, MONTENEGRO AND SERBIA WHERE SIGNIFICANT QUANTITATIVE PROGRESS WAS NOTED IN THE LEGAL REFORM STAGE AND WHERE THE WAY IS BEING PAVED FOR THE MOVE FROM THE STAGE OF POLICY DEFINITION AND THE IDENTIFICATION OF STRATEGIC GOALS TO THAT OF IMPLEMENTATION, ALBANIA, MACEDONIA AND BIH WERE STILL IN THE INITIAL STAGE OF REFORMS IN THE SECOND YEAR AFTER SIGNING THE SAA.

Closer scrutiny of this issue demonstrates that in the process of implementation of legal provisions in BiH nearly all responsible levels have failed: the Veterinary Office where ten planned bylaws still have not been adopted and in municipalities and local communities. The process of mass sterilisation of abandoned animals has not been completed; the opening of shelters/asylums for abandoned animals is facing various difficulties; existing shelters have very limited capacities leading to a large number of abandoned animals still in the streets; the media paint a negative image of the potential danger of abandoned animals in the streets thus contributing

to the formation of cruel public attitudes and which is used to defend violence to animals and lastly, data on microchip tagging shows that responsibility of pet owners has not increased.

The fact remains that despite the new European legislation, cruel and unsympathetic behaviour of people towards animals will remain a reality in BiH for a long time to come.



Title IX

| Financial Cooperation

a) General Assessment

For Bosnia and Herzegovina (BiH), the Stabilisation and Association Agreement (SAA) mentions assistance from the European Union (EU) in the context of this assistance being conditioned by “implementation of the political criteria from Copenhagen and in particular progress in fulfilling specific priorities of the European Partnership“. For the other countries in the region, the provisions of the SAA regarding financial cooperation are very similar to those for BiH. Although it was not explicitly stated in the case of BiH or that of any other country, one of the key clauses of this provision is the establishment of an operational system of programming, management and control of the spending of funds provided by the EU during the Stabilisation and Association Process. A Decentralised Implementation System (DIS) implies „transfer of responsibility for management of funds conferred by the EC to bodies of the beneficiary country⁸⁶“. This step is preceded by the de-concentration process that gradually bestows greater management and allocation responsibilities to beneficiary countries.⁸⁷ It is important to note that decentralisation also implies transfer of programming, management and implementation responsibilities to a ‘mid’ or regional level in the country⁸⁸. The EU does not specify the nature of this system except in defining the basic DIS components and requirements. They also

86 UNDP, „Financing system in the EU“. March 2006.

87 Ibid.

88 Ibid.

generally allow countries to develop necessary capacities of their own⁸⁹ which, in many aspects, requires a comprehensive reform of public administration in order to raise them to a satisfactory level. The following is an overview of the progress of individual countries in establishing systems required for successful management of EU funds that are available to countries in the region at this stage of association.

b) Implementation of the SAA requirements in Western Balkan countries

The table below presents an overview of the approximate funding planned by the IPA⁹⁰ for each country subject to this comparative analysis for the period 2009-2011 (in EUR million). In looking at this framework it should be borne in mind that Montenegro was granted candidate status in December 2010 and therefore has acquired the concomitant right to utilise other IPA components. In addition, it is important to bear in mind that due to the procedures required for using these funds, the IPA funds planned for 2009 are essentially only usable now whereas those for 2010 and 2011 are still to be utilised.

IPA Components	2009						2010						2011						2009-2011						
	Sr	B&H	Cro	Al	MN	Me	Sr	B&H	Cro	Al	MN	Me	Sr	B&H	Cro	Al	MN	Me	Sr	B&H	Cro	Al	MN	Me	
1. Institution building & transition ass.		192.5	83.9	45.6	70.9	28.6	38.1	186.2	100.7	39.5	82.7	29.2	36.3	189.9	122.7	40.0	94.3	29.8	34.5	598.7	287.3	125.1	227.9	87.7	198.9
2. Cross-border cooperation		12.2	6.2	15.9	10.3	4.7	5.8	12.5	6.3	16.2	10.5	4.9	6.7	12.7	6.4	16.5	10.7	4.9	6.8	37.5	15.9	48.6	31.5	14.3	17.1
3. Regional development				49.7		23.8				58.8		25.4				58.2		35.0			164.7				85.2
4. Human resources development				14.2		7.1				15.7		8.4				16.0		9.4			45.9				24.9
5. Rural development				25.8		13.2				26.0		12.5				26.5		14.0			78.3				38.7
Total		194.7	89.1	151.2	81.2	33.3	81.8	198.7	106.6	154.2	93.2	34.1	82.3	202.7	138.1	157.2	95.8	34.7	88.3	596.2	303.2	482.6	269.4	182.8	272.8

In light of the fact that BiH still does not have a candidate status, only the first two components of the IPA funding are made available. The strategy of accession, together with the annual Progress Reports constitutes the so-called “Association Package”. Included in this package and in accordance with Article 5 of the IPA Regulations is a definition of the Multi-annual Financial Framework (MIFF) that sets out indicative allocation of IPA funds by country and components for a three year period. The Multi-annual Indicative Programming Document (MIPD) for each country is determined by

⁸⁹ Ibid.

⁹⁰ For the period 2007 – 2013 for candidate and potential candidate countries, a new pre-accession assistance instrument was established, the so-called IPA, consisting of five components as follows: Institution building and transition assistance, for the purpose of institution building measures and associated investments; Cross-border cooperation is a component that supports cross-border cooperation between candidate and potential candidate countries and EU Member Countries; Regional development which finances investments and technical assistance in the areas of transport, environment and economic cohesion; Human resources development is a component designed to strengthen human capital and provide assistance in efforts towards greater inclusion; Rural development is a component financing measures for development of rural areas and assisting in sustainable development of rural areas. It also provides assistance for restructuring agriculture and adapting it to EU standards with regard to environment, public health and plant and animal health.

taking into account the allocation defined by the MIFF and the political framework defined by the Association Strategy. Essentially, IPA programming presents an instrument that is determined by the political priorities of the EU with regard to association and by the assessment of the needs and progress of individual countries for the purpose of meeting the goals necessary for integration into the EU.

Administrative structures necessary for management and programming of IPA funds by local institutions via DIS are quite demanding and complex. All countries in the region, including BiH, have successfully established the basic DIS structures. The most significant progress was achieved by Montenegro where DIS structures are already in place and where the Ministry of Foreign Affairs and European Integration is the national IPA coordinator and is preparing to expand and prepare the programming and management of funds concerning the other three IPA components. The Government of Montenegro passed a decision in 2009 regarding the start of preparations by the Ministry of Foreign Affairs and European Integration for the establishment of a system for efficient utilisation of regional development funds (component III) and development of human resources (component IV). The first steps were establishment of the Strategic Coherence Framework - SCF as well as operating programmes and other necessary structures⁹¹.

It is evident that functioning of a DIS and efficient use of IPA funds requires political support for the entire structure as well as highly developed administrative, institutional and human resource capacities that will face increasingly higher pressure as BiH approaches candidate status and as other IPA components are made available.

c) Case study: Public Internal Financial Control system (PIFC)

Certainly one of the most significant conditions for efficient functioning of the programming, implementation, monitoring and evaluation of IPA funds is establishment of a Public Internal Financial Control system (PIFC). PIFC is a set of institutions and principles for internal financial control established by the EC for the purpose of standardising the reform approach of candidate states for the purpose of controlling, auditing and supervising the use of national budget as well as EU budget funds. Therefore, it is expected of candidate states to develop a system of internal financial controls in accordance with the principles defined by the EU, based on International Standards and the best practice of EU member states⁹².

⁹¹ <http://www.undp.org/me/home/2011/scf/index.html>.

⁹² Vašiček, Vesna; Dragija, Martina; Hladika, Mirjana. "Impact of Public Internal Financial Control on Public Administration in Croatia". *Theoretical and applied economics* (1841-8678) XVII (2010), 4(545); 71-87.

Along with the rest of the countries in the region, BiH has achieved some progress towards establishing the PIFC system under its authority. This usually involved defining strategies and policies for introduction of the PIFC, alteration of existing budget laws or drafting new internal audit laws, staff improvement for functions of internal audit (including central functions in ministries of finance and functions within consumer ministries) and setting up PIFC harmonisation structures whose goal it is to harmonise financial management and control and internal audit, using the experiences and recommendations of the EC. However, it is interesting to note that in all countries in the region the results of the final assessment of establishment of the PIFC system performed by SIGMA in 2009 are almost identical in one respect: in each of the countries, internal audit exists as a function of controlling financial transactions and not of controlling financial management. Internal audit is not simply a function embodied in a person who performs a quasi-inspection audit; it also represents the process that ensures not only the legality of fund allocation but the efficiency and effectiveness of that spending, as well as ensuring that the spending provides value for money. The issue of defining procedures for establishing internal audit, risk assessment and determining the central role of the head of consumer ministries and agencies in an efficient system of internal audit and internal control, is particularly problematic in all the countries of the region including BiH. This is in large part due to the fact that internal audit as defined by the PIFC is a new development in the administrative tradition of countries in the region and requires not only legal changes but changes in management methods and habits. Once again, this emphasises the significance of public administration reform as the central issue not only under the scope of PIFC and financial cooperation but other segments of EU integration as well. Therefore, for all countries in the region, full implementation of PIFC principles and other relevant management mechanisms in accordance with the requirements and best practices of the EU cannot be expected for the foreseeable future.



Conclusion

Western Balkan countries have reached varying levels of success in implementing the SAA provisions, which is a consequence of multiple factors such as different dates of signing their agreements, different initial conditions and different institutional capacities and human resources involved in the implementation process. Although it was not the last to enter the road to the EU, BiH is farthest behind – it took less time for the 27 member countries to finalise their parliamentary procedures and ratify the SAA than it took BiH to fulfil just a small part of the conditions for the candidate status. As in previous reports, it has to be emphasised yet again that in all areas that reviewed in BiH, there is insufficient coordination between relevant authorities, while responsibilities and competencies are not clearly defined. BiH is the only country in the region that breached the Interim Agreement in its essential provisions in the second year after the formal commitment to fulfil the necessary conditions. Truth to be told, Serbia also breached the interim customs arrangements by granting a beneficial position to Russian companies without informing the EU. Furthermore, Serbia was significantly delayed on the road to the EU as its ratification process was frozen for nearly two years due to the dissatisfaction of the EU with its cooperation with the ICTY. BiH on the other hand was in a vacuum before the 2010 election campaign, during this election and especially in the post-election period when the formation of the government was delayed. BiH has entered the third year with a complete lack of political will or an operating consensus to at least start preparations for the establishment of new institutional arrangements for dialogue with the EU through the Stabilisation and Association Council. Progress of individual

countries in the process of European integration in the first four years after signing the SAA is presented below and it demonstrates a complete absence of progress by BiH compared to other countries in the region:

Year after signing the SAA	Year II	Year III	Year IV
Albania	Membership application	SAA in force	Positive assessment of candidate status
Bosnia and Herzegovina	---	---	---
Montenegro	SAA in force	Candidate status	
Macedonia	Membership application	SAA in force	Candidate status
Serbia	Membership application	SAA in force	---

The situation is similar for all areas covered by the SAA. BiH cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) was marked as positive but the delay in cooperation by Serbia reflected on BiH. Serbian state policy is to consistently attempt to share the burden of individual responsibility for war crimes of their citizens with other countries. It has breached previously signed agreements by insisting on own legal procedures against persons from other countries, despite the fact that ICTY has, in each of the cases, determined a lack of evidence and dismissed the proceedings. Even the countries farthest along in the association process, such as Croatia, bring many unresolved bilateral issues to the EU despite the firm position by Brussels that the EU is not prepared to import problems during the integration process.

Each country in the region that signed an SAA had an obligation to immediately start the procedure of preparation, signature and ratification of bilateral conventions on regional cooperation with all SAA signatory countries, as well as other countries included in the SAA. Such agreements have, to date, only been signed by Croatia and Macedonia and only then in the fourth year after the SAA entered into force. Croatia has not moved beyond this point and the question arises as to how the European Commission has permitted Croatia to reach the end of negotiations without fulfilling its obligations from Article 15 of the SAA.

The Standardisation Institute of BiH has adopted a total of 11279 European standards, putting the country ahead of all others in the region during the same period. This demonstrates that progress is possible in BiH where it depends on professional involvement rather than political will. However, BiH has done the least with regard to market control.

In the area of transport and market liberalisation, in the context of a single European transport market, Croatia is ahead in the region, while all countries are characterised by a moderate level of law adoption and an unsatisfactory level of adoption of relevant bylaws that would enable enforcement of such laws. The majority of countries have insufficient scientific and institutional capabilities for faster action or harmonisation of their domestic legal framework with the requirements of the acquis.

The majority of Western Balkan countries are at early stages of ensuring the right of establishment and only a few (Croatia, Serbia and partially Macedonia) are utilising some of the incentive instruments from the second stage. Discrepancies between Western Balkan countries are evident (and in BiH also between the entities) regarding registration of legal subjects, acquisition of stay and work permits for non-resident employees, mutual recognition of qualifications, the financial costs that accompany these processes and the general business environment.

In the field of the movement of capital and money, BiH together with Croatia and Montenegro, has come the farthest towards complete liberalisation in accordance with the conditions in force under the SAA. However, there are significant challenges ahead for BiH with regard to further liberalisation of the movement of capital and money particularly in respect of providing EU citizens with identical rights to BiH citizens regarding access and ownership of real estate. This is an issue that all the countries subject to this comparative analysis are still tackling. The least progress in the area of liberalisation of capital was noted in Macedonia and Serbia.

All Western Balkan countries, other than BiH, have adopted the required laws and established the necessary institutions concerning state aid. BiH has neither adopted the Law on State Aid nor has it established an independent operating body for this area. The two year period after the signing of the SAA that BiH is still going through has caused problems to all countries in adjusting laws to EU standards and establishing the necessary institutions.

Regarding biometric travel documents, a six month delay caused by technical difficulties was noted in BiH, so that by June 2010 approximately 300,000 biometric passports had been issued. On the other hand, in Serbia and Montenegro, which were put on the Schengen White list in December 2009, approximately 1,500,000 and 120,000 biometric passports respectively were issued in the same period. In nearly all countries in the region significant delays in amalgamating digital land registers and border crossings into a unified register of migration and visa modules were noted.

The level of illegal migration in the countries in the region has been reduced and at the end of 2008 Serbia, Croatia, BiH, Macedonia, Albania and Montenegro signed

a Memorandum of Understanding on Establishment of a System of Statistical Information Exchange on Illegal Migration and Participation in the Early Warning System. On the other hand, the main problem in this area was the unsatisfactory implementation of adopted laws and strategic acts due to insufficient funds and a lack of institutional capacities.

The poor implementation of adopted laws, poor coordination of activities and insufficient institutional capacities were observed in the field of money laundering. Additionally, adopted laws in the majority of the countries in the region were not aligned with corresponding conventions of the European Council or OUN. During the reporting period, legal acts on combating the illegal drug trade were adopted in all countries in the region. Their implementation, however, was unsatisfactory.

With regard to political cooperation, Albania, Macedonia and BiH were trapped in the initial reform stage in the second year after the signing of the SAA, unlike in Croatia, Montenegro and Serbia where significant quantitative progress in the legal reform stage was noted that paved the way for moving from the stage of formulating policies and identifying strategic goals to the implementation stage.

All countries in the region, including BiH, have successfully established the basic DIS structures. The most significant progress was achieved by Montenegro where DIS structures are already in place and the Ministry of Foreign Affairs and European Integration is the national IPA coordinator.

Finally, we can state that in the second year after signing their SAAs, the countries where acceding to the EU is a serious strategic goal (Croatia, Montenegro, Serbia) made significant quantitative progress in fulfilling the required obligations, particularly in the area of creation and harmonisation of the legal framework with the *acquis*. This stage can be tentatively named the 'stage of legal reforms'. In this stage, the creation of laws constitutes the most important part of the reform process and the success of reforms is measured by the number of laws prepared and proposed by the government, the number of laws adopted by the parliament/assembly, the number of adopted development documents and the number of newly established agencies. These criteria are used as indicators for assessing the success of the reform process.

However, the experience of these countries in the second year after signing the SAA demonstrates that the second stage, the implementation stage, is more problematic. The primary problem during this stage is not the harmonisation of legislation with the *acquis* but effective implementation of the new laws. Results of the analysis undoubtedly lead to the conclusion that during the period under review, all three countries faced vast challenges in implementing and enforcing the new European legislation. There are numerous reasons for the aforementioned, but there is a clear


impression that the implementation stage is marked by insufficient administrative capabilities at three levels: at the individual level (insufficiently trained and equipped professionals), the organisational level (unclear internal rules, poor distribution of tasks, lack of communication) and at the level of the general institutional environment (poor and inadequate legal framework, insufficient financial capacities). The main lesson that can be drawn from the second year of reforms in the process of EU integration is the necessity to simultaneously strengthen administrative capacities for implementation and enforcement of new regulations in order to make a qualitative step forward in fulfilling the required obligations and therefore make real progress.

Unlike Croatia, Montenegro and Serbia, where significant quantitative progress was noted during the stage of legal reforms and where preparations are made to move from the stage of policy definition and the identification of strategic goals to that of implementation, Albania, Macedonia and BiH were still in the initial stage of reforms in the second year after signing the SAA. There are three common characteristics of the reform process in these countries: (1) the process of legislative harmonisation with the *acquis* is moving more slowly than was projected in the national plans for implementation of the SAA, (2) delays, extension of deadlines and stagnation in carrying out planned activities in all fields, (3) delays, extension of deadlines and stagnation in carrying out planned activities at the level of establishment and development of institutional capacities necessary for the implementation of laws. It can be concluded without a doubt that compared to Croatia, Montenegro and Serbia, where significant steps forward have been made in the first stage and efforts are being made to overcome the challenges of the second stage, these three countries are “trapped” at the start of the reform process and are still struggling with obligations that were supposed to have been completed a long time ago.

With regard to BiH, this course of events can be explained by the complex constitutional organisation of the country and the specific relationships and constitutional competencies of cantons/entities and the state. Whereas in all other Western Balkan countries state governments and parliaments are the main players in having determined and rapid reform efforts, the provisions of the Dayton Constitution which distributes authority between cantons and entities in fields covered by cooperation policy, combined with the very weak and limited authority of the state, make the situation in BiH complex and difficult. Political frictions and disagreements about the transfer of authority from canton/entity to the state level that reached their peak in 2010 resulted in an absolute halt in implementation of measures and activities previously included in the Program of Measures for Implementation of the Interim Agreement and the Stabilisation and Association Agreement that were adopted at the level of the Council of Ministers.

Abbreviations

B&H	Bosnia and Herzegovina
SAA	Stabilisation and Association Agreement
EU	European Union
SAP	Stabilisation and Association Process
ICTY	International Criminal Tribunal for the former Yugoslavia
NPAAM	National Programme for the Adoption of the Acquis Macedonia
CFSP	Common Foreign & Security Policy
CEFTA	Central European Free Trade Agreement
SPSEE	Stability Pact for South Eastern Europe
AII	Adriatic-Ionian Initiative
RCC	Regional Cooperation Council
BAS	Institute for Standardisation of Bosnia and Herzegovina
BATA	Institute for Accreditation of Bosnia and Herzegovina
GDP	Gross Domestic Product
CEN	European Committee for Standardisation
CENELEC	European Committee for Electrotechnical Standardisation
IACS	Integrated Administrative and Control System
TIR	Transports internationaux routiers (International Road Transit)
ECAA	European Common Aviation Area
SEETO	South East Europe Transport Observatory
OUN	Organisation of United Nations



Summary of Findings:

| Focus Group Research for the Comparative Report 2010

Methodology

In order to present the qualitative perceptions of the European integration process of citizens of Bosnia and Herzegovina we held four focus group meetings in order to complement the findings of our experts who wrote the comparative part of the Report. The analysis of focus groups also complements methodologically the quantitative public opinion survey by providing qualitative answers to statistical trends in support of Bosnia's EU integration process.

For the purpose of drafting the Comparative Report 2010 the following focus groups were organised in the period from 20.12.2010 – 1.2.2011:

- ◊ Sarajevo: a group of civil servants, mixed gender and ethnic composition;
- ◊ Travnik: a group of women, mixed ethnic, age and educational composition;
- ◊ Livno: a group of men, single ethnicity– Croats;
- ◊ East Sarajevo: a group of students, mixed gender composition, single ethnicity– Serbs.

By way of comparison, last year's report analysed the attitudes of six focus groups: a mixed group of business sector employees from Sarajevo, a group of Bosniak women from Zenica, a group of Serb men from Doboј, a mixed group from Brčko, a group of civil servants from Mostar, and a group of Croat students from Mostar.

The 2010 report was based on the analysis of transcripts of audio recordings of interviews with each focus group and on the interviewer's notes. The limitations of this method include its descriptive nature and segmented insight into the attitudes of the observed group. Focus groups do not provide accurate replies but rather people's thoughts at a particular point in time. Moreover, their thoughts are often neither organised nor accurate. However, focus groups do provide excellent material for gaining insight into people's way of thinking and their perceptions. Furthermore, they provide guidelines for future activities on bringing the European integration process closer to the citizens and they indicate where to focus attention in the analysis of social dynamics related to this topic.

- ◊ The interview questions (listed below) are divided into several thematic groups whereby one question is primary and the others are supplementary and intended to enlarge upon the discussion and move it from the general and the neutral to the particular and the subjective:
- ◊ The interviewees' level of familiarity with the European integration process and the manner in which they inform themselves;
- ◊ Their personal view of the process as being either political or technical in nature;
- ◊ Identification of the accomplishments and obstacles in the process;
- ◊ Primary obligations, cooperation of the institutions and the possibility of expediting Bosnia and Herzegovina's EU accession;
- ◊ The impact of the introduction of EU standards to Bosnia on the way of life and the standard of living of the interviewees – positive and negative expectations;
- ◊ Commitment to EU integration as a common interest of all citizens and peoples in Bosnia and Herzegovina;
- ◊ Their views on the authority of various levels of government for the implementation of Bosnia's EU accession reforms and their attitude towards institutional blockades;
- ◊ Awareness of the EU funds available to Bosnia and Herzegovina and interest in obtaining more information on the European integration process;
- ◊ Opinions on the prospects awaiting Bosnia and Herzegovina in the EU as compared to the prospects of other Western Balkan countries and the attitude towards the quality of life of the citizens of said countries;
- ◊ European vs. Balkan identity;

Additional questions for the employees of public institutions:

- ◊ The presence of special departments devoted to EU integration within their institutions and training programmes focusing on the introduction of EU standards with a view to improving coordination and subordination;
- ◊ The introduction of European standards and changes in working methods in the workplace or in the application of regulations in everyday work routines and experiences with the use of IPA funds;
- ◊ The attitude towards the progress made by neighbouring countries and the status of their counterparts from the region;
- ◊ In addition to short analyses of thematic areas we also quote the statements made by citizens which speak for themselves.

I Introduction

Participants from all three ethnic groups have the same perception of the European integration process. Their priorities are the relieving of tensions, preservation of peace and stability of the country, improvements in the standard of living, investment in youth education and for politicians to care about the citizens rather than themselves. What they also consider important is that compromises should be made and cultural identity preserved. At the same time they manifest a strong sense of European identity and think that negative aspects of the Balkans are exaggerated.

It is evident that all spheres of society are oversaturated with politics and nationalism. They particularly stress the importance of quality education and admit that prejudices exist, although no one would ever publicly admit to being prejudiced. They question the eagerness of the EU to accept Bosnia and Herzegovina on the one hand and the willingness of Bosnia and Herzegovina to improve its system on the other.

Neighbouring countries are seen as more dedicated to meeting EU standards but their cooperativeness is increasingly explained by western-style pragmatism. Bosnian obstinacy and traditionalism are seen as an obstacle and as a virtue at the same time. The European identity of the peoples in Bosnia and Herzegovina is stressed as well as the fact that the EU itself is not impervious to nationalism although the economy and the standard of living are considered as more important issues there.

Enforcement of existing regulations is a big problem as currently it is at the whim of individuals. They believe that Bosnia and Herzegovina will join the EU when the EU decides that we are ready, not when we decide that we should join. Peace and the easing of interethnic tensions and especially the elimination of ethnic animosities among the young are seen as prerequisites for everything else. Furthermore they think that our problems derive from our complexity and the lack of willingness to

make compromises. Building a culture of dialogue and seeking compromise would simplify things in spite of the complexity of the State.

The civil servants who participated in the focus groups want changes and want to voice their problems and opinions in the hope they will find their way to the decision makers. They are especially pleased with the fact that a report is being drafted that will identify their problems and the attitudes of society at large about the European integration process in a straightforward manner.

II Citizens keep themselves informed about the European integration process through daily political TV programmes

Almost all the interviewees from the interviewed groups of citizens got their information on the European integration process exclusively from the media, especially electronic media – primarily from TV, much less from the radio and the Internet. Newspapers were the second most popular way of keeping informed. Public discussions, round tables and promotions rarely figured as a means of obtaining information. The situation was somewhat different within the group of civil servants who had more opportunities than other citizens to acquire knowledge by attending specialist and non-specialist training workshops, seminars and conferences. Young people and students kept track of the European integration process to a much lesser extent; their attention was caught only by interesting headlines or TV announcements and they used the Internet to keep themselves informed about sport, music, culture, jet set, etc., rather than this topic.

Male – civil servant 1: WELL, CONSIDERING THE LINE OF WORK I'M IN I KEEP MYSELF INFORMED IN MY OFFICIAL CAPACITY TO THE EXTENT THAT IS NECESSARY TO CARRY OUT MY TASKS, BUT ALSO OFF-DUTY. APART FROM THAT, I INTERACT WITH PEOPLE FROM EU COUNTRIES, AND I BENEFIT FROM THEIR EXPERIENCES.

Student East Sarajevo 1: MOSTLY FROM THE MEDIA. I THINK MOST PEOPLE DON'T GET THAT KIND OF INFORMATION ONLINE.

Female student East SARAJEVO 1: YOUNG PEOPLE TAKE VERY LITTLE INTEREST IN STUFF LIKE THAT, MORE IN MUSIC AND SPORTS.

Female student East SARAJEVO 2: MOSTLY ELECTRONIC MEDIA, WE'RE UNLIKELY TO READ THAT STUFF, EXCEPT WHEN THE HEADLINE IS BIG. WE'RE NOT INTERESTED IN POLITICS.

Student East Sarajevo 2: FOR THE LAST TWO OR THREE YEARS THIS TOPIC HAS BEEN IMPOSED – THE EU INTEGRATION, IT'S THE MOST PROMINENT TOPIC IN TV PROGRAMMES.

III Citizens see the EU integration primarily as a political process

All the participants pointed out that their impression was that the European integration process was more political than technical in nature. This in turn implied less need for public pressure because everything unfolds somewhere beyond the reach of “common” people. In addition to this the focus was on failures and other negative aspects which led to the conclusion that the road to Europe will not be an easy one for Bosnia and Herzegovina.

Student East Sarajevo: IT'S MORE POLITICAL, BECAUSE IT'S SAID THAT SOME LAWS THAT NEED TO BE ENFORCED ARE NOT ENFORCED. CONCRETE THINGS ARE MENTIONED TO AN EXTENT, BUT NOT IN PRIME TIME... WHAT ISN'T BEING DONE IS PRESENTED, RATHER THAN WHAT'S BEEN DONE.

Female Travnik 1: YES, IT'S MORE POLITICAL. AN INDIVIDUAL CAN'T DO ANYTHING...POLITICAL WILL IS ESSENTIAL, LAWS MUST BE PASSED, AND THEY'RE NOT PASSING THEM.

Female Travnik 2: POLITICIANS MAKE INDIVIDUAL DECISIONS WITH GREAT DIFFICULTY...WE'LL DEAL WITH TECHNICAL REQUIREMENTS ONLY AFTER WE SOLVE POLITICAL ISSUES... WHEN THAT'S SOLVED EVERYTHING WILL GO MORE SMOOTHLY.

Female Travnik 3: MANY GENERATIONAL CHANGES HAVE TO TAKE PLACE. IT'S HAPPENED IN CROATIA. OVER HERE IT'S ALWAYS THE SAME PEOPLE...THEY MUST BE WILLING TO COMPROMISE, AND NOT MANIPULATE THE NATIONAL SENTIMENTS OF PEOPLE. AND THAT'S THE EASIEST THING FOR THEM.

Male Livno 1: OUR PROBLEM IS ENFORCEMENT; A LOT OF LAWS ARE PASSED BUT NOT ENFORCED. TAKE CROATIA FOR EXAMPLE, THEY'VE GOT PROBLEMS WITH CORRUPTION AND HEADS ARE ROLLING ALREADY, AND WE WILL HAVE TO FOLLOW SUIT. ENFORCEMENT IS THE PROBLEM... WHAT'S THE USE OF GOOD REGULATIONS WITHOUT ENFORCEMENT? ENFORCEMENT HAS FALLEN SHORT IN MANY SEGMENTS OF THE EU INTEGRATION PROCESS.

Male Livno 2: THE PROCESS IS POLITICAL IN CHARACTER. THE POLITICIANS HAVE NEITHER A VISION NOR A STRATEGY FOR THE DEVELOPMENT OF THE COUNTRY. EU ACCESSION IS AN ECONOMIC MATTER, BUT IT'S BECOME A SECONDARY ISSUE TO JOIN FOR THE SAKE OF A BETTER LIFE... PEOPLE WANT TO WORK.

IV The few successful efforts in meeting the conditions for integration are exceptions within the system and the main obstacle on our way to the EU is that very same system and the governing structures in Bosnia and Herzegovina

Generally speaking the participants from all focus groups were unable to name a single success except the visa-free regime. This fact caused bitterness and disillusionment amongst all of them. As for the biggest obstacles in the European integration process they identified politicians who manipulate the people using nationalism and divisions, the complex state structure, ignorance, corruption and nepotism.

Male – civil servant 1: EVERYONE KNOWS WHAT THE TOP STORY IS... POLITICAL ISSUES ARE THE PINNACLE OF EVERYTHING THAT'S HAPPENING IN BOSNIA AND HERZEGOVINA, EVERYTHING IS SHAPED AND TAILORED IN THE SPHERE OF POLITICS. THE GREATEST ACCOMPLISHMENT IS THE SURVIVAL OF THE INSTITUTIONS. WE'VE HAD FOUR YEARS OF VERY SKILFUL OBSTRUCTIONISM IN WHICH FOREIGNERS HAD THEIR FINGERS TOO.

Male – civil servant 2: SPEAKING FROM EXPERIENCE I'D SAY WE HAVE VERY LITTLE REASON FOR REJOICING. THERE HAVE BEEN POSITIVE EXAMPLES, LIKE THE CENTRAL BANK AND THE VISA-FREE REGIME, BUT THESE ARE EXCEPTIONAL CASES AND THERE ARE NO SYSTEMATIC ACCOMPLISHMENTS. AN INDIVIDUAL STANDS OUT HERE AND THERE BECAUSE SOME PEOPLE DECIDE AT SOME POINT TO SEIZE AN OPPORTUNITY AND ACTUALLY DO SOMETHING. WE HAVE TREMENDOUS PROBLEMS BECAUSE WE DON'T HAVE A CRITICAL MASS OF PEOPLE READY TO BRING ABOUT CHANGES; THAT GOES FOR POLITICIANS, CIVIL SERVANTS, BUT, STRANGELY ENOUGH, THE CITIZENS AS WELL – I MEAN THOSE WHO ARE READY FOR CHANGES AND PROGRESS TOWARDS EU INTEGRATION AND IT SEEMS TO ME THAT WE HAVE TO FIGHT ON SEVERAL FRONTS AT THE SAME TIME.

Male – civil servant 3: EXTERNAL AND INTERNAL FACTORS. EXTERNAL – IS IT REALLY IN THE INTEREST OF THE EU FOR US TO BECOME PART OF THE UNION, THE PLACEMENT OF PRODUCTS, CHEAP LABOUR FORCE... INTERNAL FACTORS – COMPLICATED, DIVIDED AND CORRUPT SYSTEM. WE MEET CERTAIN REQUIREMENTS, THEY DEMAND MORE, SO WHEN ARE THEY GOING TO SAY, "IT'S OK NOW, YOU'VE DONE YOUR BIT"? THE POLICE AND THE ARMED FORCES HAVE THE HIGHEST LEVEL OF INTEGRATION BECAUSE THEY'RE ORGANISED, THERE'S A SYSTEM, A HIERARCHY... IT'S A QUESTION OF WHETHER THEY REALLY WANT US OR NOT. ANOTHER THING: UNTIL WE HAVE A STABLE SYSTEM IN THIS COUNTRY WE CAN'T POSSIBLY SUSTAIN THIS MUCH ADMINISTRATION. WE OFTEN HAVE MONEY WITHIN EASY REACH BUT WE'RE NOT EDUCATED ENOUGH TO TAKE IT.

Female – civil servant: I'VE HAD THE OPPORTUNITY TO SEE HOW NEGOTIATIONS ARE CONDUCTED. IT'S DIFFICULT TO KEEP YOUR END OF THE DEAL IF YOU'RE NOT CONSOLIDATED AT THE STATE LEVEL AND IF YOU HAVE A SYSTEM AS COMPLEX AS OURS. FOR INSTANCE, THE EU SAYS THAT IN ORDER TO EXPORT FISH TO THE EU YOU MUST HAVE BANKING SUPERVISION AT THE STATE LEVEL. HOW DO WE ACCOMPLISH THAT IF OUR DELEGATION INCLUDES THE STATE MINISTER OF FINANCE AND TREASURY, THE FEDERAL MINISTER OF FINANCE AND TREASURY, AND THE MINISTER OF FINANCE OF REPUBLIKA SRPSKA? THE EUROPEANS DON'T KNOW WHO THEY'RE ACTUALLY SUPPOSED TO TALK TO.... THIS SYSTEM OF OURS IS SO COMPLEX. INSTEAD OF UNIFIED FINANCIAL AND BANKING SUPERVISION AS ALL OTHER COUNTRIES HAVE, OURS IS ILLOGICAL BECAUSE THE SYSTEM IS SET UP LIKE THIS.

Male Livno 1: THE VISA REGIME LIBERALISATION IS THE MOST HIGH-PROFILE ACCOMPLISHMENT... I CAN'T THINK OF ANYTHING ELSE. THE BIGGEST OBSTACLE IS THE POWER HOLDERS WHO DO NOTHING TO MAKE THINGS BETTER.

Male Livno 2: THIS GOVERNMENT IS THE OBSTACLE ON THE WAY TO EUROPE, BUT WE'VE ELECTED THEM, THE PEOPLE HAVE THE GOVERNMENT THEY'VE ELECTED.

Student East Sarajevo: THIS RECENT VISA LIBERALISATION... IT MEANS A LOT TO US.

Female Student East Sarajevo: EVERYONE HAS EXPECTATIONS... THE SITUATION IN THE REGION IS BAD, SO EVERYONE AWAITS ACCESSION AND A BETTER STANDARD OF LIVING, BUT THE IMPROVEMENTS NEVER SEEM TO COME, EXCEPT THE VISA LIBERALISATION, BUT WE STILL CAN'T GET JOBS.

V Citizens are not informed about the primary obligations of Bosnia and Herzegovina. They see inter-institutional cooperation as exceedingly poor because a handful of people make all the decisions and they think it would expedite the accession effort if we were to stop revisiting topics from the past

Cooperation between institutions was generally described as bad and uncoordinated. The participants, especially the civil servants, gave a plethora of examples which illustrated the shortcomings of the system and the influence which political elites exert on the process of drafting regulations. Still, they were unable to identify the primary obligations except for the enforcement of the Sejdić-Finci ruling. The civil servants gave examples of regulations from their respective institutions' scope of authority which are necessary but whose enactment is taking years despite there being no obstructions from the other entity. They pointed out how important it is to get to the core of the problems and secure the will of the political elites to move things forward. Apart from the visa regime liberalisation, the young perceive the following as the conditions for EU accession: police force reform, construction of motorways, increasing the number of telephone lines and extradition of war criminals.

The young also think that better inter-institutional cooperation entails the overcoming of past conflict and that it is precisely these conflicts which are emphasised and reproduced. Many participants from different towns and cities mentioned a shift in common people's way of thinking as a prerequisite for expedited accession.

Male – civil servant 3: IT ALL STEMS FROM THE UNORDERED POLITICAL SYSTEM. THE MINISTERS DON'T COOPERATE IF THEY BELONG TO DIFFERENT POLITICAL PARTIES OR ETHNIC GROUPS, THEY'VE GOT DIFFERENT INTERESTS AND THEY OBSTRUCT EACH OTHER.

Male – civil servant 2. THERE ARE THREE HIDDEN VERTICAL STRUCTURES IN THE MINISTRIES. EACH ONE HAS THE POSSIBILITY TO CREATE A SEPARATE TEAM OF ADVISORS, HEADS OF CABINETS AND WHAT HAVE YOU. THE RESULTS OF THEIR WORK ARE NONEXISTENT. NOWADAYS IT'S HUMILIATING FOR AN HONOURABLE MAN TO SERVE AS A MINISTER. THERE ARE INDEED PEOPLE WHO ARE WILLING TO WORK. ...EXPERTS CREATE SOMETHING AND FORWARD IT TO THE MINISTER. WHAT HAPPENS THEN? IT'S GOT TO PASS THE MINISTER AND HIS ADVISOR, THE LEGISLATION OFFICE, THE COUNCIL OF MINISTERS AND THEN THE "REAL EXPERTS" GET HOLD OF IT. TECHNICAL REGULATIONS ARE MEANT TO FUNCTION AS A SYSTEM... WE CAN ONLY BELIEVE IN OURSELVES AND WE CAN ONLY BE AS GOOD AS WE ARE ORGANISED.

Female – Travnik: EITHER WAY, WE GO BACK TO THE POLITICAL SITUATION IN THE COUNTRY, WE FEEL IT IN OUR DAILY LIVES, THE POLITICIANS CAN'T SEEM TO AGREE ON ANYTHING AND THAT'S WHY WE REGRESS.

Male – Livno 4: I DISAGREE WITH SOME OF THE VIEWPOINTS HERE. UNTIL THE STATE IS PUT RIGHT ... REPUBLIKA SRPSKA DOES ONE THING, THE FEDERATION QUITE ANOTHER. THE CANTONS ARE LIKE STATES WITHIN A STATE. UNTIL YOU'VE ORDERED THE STATE YOU CAN'T... VISA LIBERALISATION, WE WERE ABLE TO TRAVEL AND THEN THEY INTRODUCED VISAS, NOW THEY'VE LIFTED THEM. WE HAVE HAD A VISA-FREE REGIME BEFORE. EVERYONE TALKS ABOUT INTEGRATION AND WE CAN'T EVEN CROSS THE BORDER. OR YOU HAVE THE SITUATION WHERE AN IMPORTED CAR IS THREE TIMES CHEAPER... UNTIL THE STATE IS ORDERED ACCORDING TO A CONCEPT WHICH IS ACCEPTABLE TO EVERYONE...

Male - Livno 6: It's NECESSARY TO RAISE THE AWARENESS AND THE CONSCIENTIOUSNESS OF THE DECISION MAKERS, AS LONG AS YOU HAVE MORAL HYPOCRISY IN THE HEADS OF SOME OF THEM THERE WILL BE OBSTRUCTIONS TO EU ACCESSION... TO MY MIND, THAT'S THE ESSENCE OF THE PROBLEM, WE OUGHT TO BE HUMANE AND WISH EVERYONE WELL.

Student East Sarajevo 1: PEOPLE NEED TO BE BROUGHT BACK TO THEIR SENSES. MOST PEOPLE WILL ASK YOU IF YOU HAVE CONNECTIONS, IF YOU CAN ARRANGE SOMETHING. IT'S THE PEOPLE'S FAULT, FOREIGNERS CAN'T QUITE GRASP THAT. IT'S DIFFERENT ABROAD. YOUR ACCOMPLISHMENTS AND YOUR MARKS ARE WHAT MATTER, NOT IF YOUR DAD IS AN IMPORTANT MAN.

Student East Sarajevo 2: YOU CAN SEE FROM THE MEDIA HOW BAD THE POLITICAL COOPERATION IS, IT'S EXCEEDINGLY BAD. YOU CAN READ OR HEAR HOW THEY AGREED ON SOMETHING FIVE DAYS AGO AND TODAY SOMETHING HAPPENED AND THE DEAL IS OFF.

Student East Sarajevo 3: THE PROBLEM IS THAT EVERYTHING IS DECIDED BY A HANDFUL OF PEOPLE NOT A LARGER GROUP AND THESE PEOPLE DON'T REPRESENT LARGER GROUPS, THEY REPRESENT THEMSELVES AND THEIR OWN INTERESTS. PERHAPS IT WOULD BE BETTER IF WE COULD SUBJECT EVERYTHING TO GREATER COMMON INTERESTS. PERHAPS WE COULD ACCOMPLISH THAT IF WE FORGOT CERTAIN BAD THINGS FROM THE PAST AND BURIED THE HATCHET, PERHAPS THEN THE INSTITUTIONS WOULD COME TO AN UNDERSTANDING.

Student East Sarajevo 4: TOO FEW PEOPLE MAKE DECISIONS, TOO MANY BEAR THE BURDEN. YOU'VE GOT MUNICIPALITIES, CANTONS, THE FEDERATION, THE STATE, THE LOCAL COMMUNITIES. SO MUCH BUDGETARY EXPENDITURE, SO MANY SUPERFLUOUS LEVELS OF GOVERNMENT. EACH CANTON HAS GOT ITS OWN MINISTRIES; EACH MINISTER HAS GOT A DEPUTY, THAT'S A LOT OF PEOPLE. I'M NOT SAYING THEIR WORK IS UNNECESSARY, BUT I THINK IT DOESN'T MAKE SENSE TO HAVE SO MANY OF THEM, THEIR SALARIES ARE SUBSTANTIAL AND IT WOULD BE BETTER IF WE COULD INVEST THAT MONEY IN EDUCATION AND BUY EQUIPMENT FOR UNIVERSITIES.

Student East Sarajevo 5: ONE OF THE CONDITIONS IS A UNIFIED POLICE. WE IN REPUBLIKA SRPSKA ARE NOT IN FAVOUR OF THAT, THOSE IN THE FEDERATION ARE AND IT BECOMES DIFFICULT.

VI The introduction of European standards in Bosnia and Herzegovina will have a positive impact on work ethics but will adversely affect local resources and traditions

All the focus group participants were of the opinion that the introduction of EU standards would affect their standard of living and way of life. They were aware of positive and negative aspects of it. There was marked concern regarding the fact that the EU imposes Western trends. There was also concern over traditions and customs and the effect of EU standards on the subsistence of people who make their living in a traditional manner. All the interviewees expressed fear that foreigners would seize Bosnia's natural resources although they were aware of the need to develop the economy. They thought that the local authorities should do more to make sure that major companies and natural resources remain state property and to put major companies back on their feet instead of selling them to foreigners. The shared opinion was that we should not join the EU carelessly; instead we should make a compromise and get the most out of accession.

Student East Sarajevo: THE EU HAS A NEGATIVE INFLUENCE ON BOSNIA AND HERZEGOVINA, THEY FOIST WESTERN TRENDS UPON US AND WE'RE TRADITIONAL. WHEN WE JOIN THE EU WE WON'T BE ABLE TO DISTIL BRANDY AND KEEP PIGS... AND SO MANY PEOPLE MAKE THEIR LIVING DOING PRECISELY THAT. THESE PROCESSES DESTROY LOCAL TRADITIONS. I THINK THE EU HAS NO RIGHT TO DO THAT BECAUSE WE'RE SET IN OUR WAYS, AS IT WERE. I WON'T HAVE A LONDONER COME OVER HERE AND PROHIBIT THESE THINGS, JUST LIKE I CAN'T GO TO LONDON AND BAN THEIR DOUBLE-DECKERS.

Female Travnik 1: I THINK THINGS WILL CHANGE FOR THE BETTER, IF THEY INTRODUCE LAW AND ORDER THINGS WILL TAKE A POSITIVE TURN. WE JUST NEED SOME PROGRESS, SOME INCENTIVE FROM THEM. WE'VE GOT THE CAPACITIES. WHAT I'M MOST UPSET ABOUT IS THAT THE BOLOGNA PROCESS HAPPENED OVERNIGHT.

Female Travnik 2: We've ALL TRAVELLED. WHEN WE CROSS THE BORDER WE ALL MAKE SURE NOT TO LITTER. THESE RIGHTS ARE QUESTIONABLE. WE BELIEVE IN TRADITION AND WE RESPECT OUR CONCEPT OF RELATIONS IN THE FAMILY WHICH IS AT ODDS WITH THE EUROPEAN CONCEPT. I WOULD LIKE TO PRESERVE SOME OF THE RIGHTS WE HAVE HERE. I DON'T CONSIDER MYSELF A CONSERVATIVE PERSON, BUT I STILL THINK THERE ARE BAD THINGS LIKE SAME-SEX UNIONS, FOR EXAMPLE. THAT'S WHY I'D LIKE TO KEEP SOME OF OUR RULES. I'M AFRAID EUROPE WILL INTRODUCE THESE BAD THINGS.

Female Travnik 3: OUR PEOPLE'S LACK OF DISCIPLINE AND RESPONSIBILITY CAUSES THE MOST DAMAGE. ABROAD THEY WORK PROPERLY. WE JUST NEED TO MAKE THEM BEHAVE IN A RESPONSIBLE MANNER OVER HERE.

Male Livno 1: GIVE US WORK, PEOPLE NEED JOBS, AND WE'RE OUT TO BECOME EUROPE'S SLAVES, THEY'VE TAKEN OUR BANKS AND EVERYTHING THAT'S OF ANY VALUE. WE'VE GOT 12% INTEREST RATES, EVERYWHERE ELSE THEY'RE 4%... WE WON'T JOIN THE EU UNTIL IT SUITS AMERICA, THEY DICTATE EVERYTHING, AND WE MAY NEVER JOIN BECAUSE IT'S POSSIBLE THAT IT SUITS AMERICA THAT BOSNIA SHOULD BE THE WAY IT IS NOW.

Male Livno 2: THE EU IS AN ECONOMIC UNION AND IT'S BECOMING MORE OF A POLITICAL AND MILITARY ALLIANCE, A COUNTERWEIGHT TO THE AMERICAN POWER. THE PRESENT SITUATION IN BOSNIA SUITS EUROPE BECAUSE THEY'VE COME HERE WITH THEIR BANKS AND WE, BEING ECONOMICALLY WEAK, HAVE TO FILL THEIR BUDGET AND THIS WILL GO ON AS LONG AS IT SUITS THEM. WE SHOULD START TO FUNCTION, BUT WE'VE GONE TO RUIN.

Male Livno 3: WE'LL FIT IN. YOU'LL NEVER SEE SOMEONE FROM HERE LITTERING ABROAD. WE ALREADY ARE IN EUROPE, I DON'T SEE ANY PROBLEMS.

VII Bosnia and Herzegovina's integration in the EU is a common interest of all citizens and ethnic groups because it brings peace, stability and economic prosperity

Almost all focus group participants, upon consideration of all the positive and negative aspects of EU integration, were still in favour of it. They stressed peace, security, higher living standards, employment opportunities and ordinary life unburdened by the politics of the past as the primary interests of all citizens.

Male Livno 1: WE NEED IT FOR OUR OWN SAKE, THE STRUCTURE OF THE STATE IS BAD AND I DON'T SEE ANY PROBLEMS IN LOWER TIERS. CORRUPTION IS A PROBLEM AFFECTING EVERYONE... THOSE ON TOP SHOULD BE HELD RESPONSIBLE. IT'S AN ECONOMIC UNION. THEY'VE ACCEPTED ROMANIA AND BULGARIA BECAUSE OF THEIR LARGE POPULATIONS. SOMEDAY THEY WILL ACCEPT US TOO, IF THEY EVER NEED US FOR GEOSTRATEGIC REASONS. IT'S NOT AS IF ROMANIA AND BULGARIA HAVE BROUGHT THEIR LEGISLATION IN ORDER.

Male Livno 6: OPPORTUNITIES WILL PRESENT THEMSELVES. THE LABOUR MARKET WILL OPEN. YOUNG PEOPLE WILL GO ABROAD TO WORK. CROATIA HAS GONE FAR AHEAD, AND BOSNIA SHOULD TAKE ITS CUE FROM THEM. CROATIA IS FACING PROBLEMS OF CORRUPTION AND BOSNIA THOSE OF STATE BUILDING. CROATIA HAS SOLVED THAT ISSUE IN THE RECENT PERIOD. THEIR CORRUPT FIGUREHEADS ARE BEHIND THE BARS WHICH PROVES THAT THEY'RE DOING SOMETHING AND ARE WILLING TO CHANGE THINGS.

Male Livno 7: IF WE DON'T TEACH OUR CHILDREN NOT TO SING SONGS OF HATE WE WILL NOT PROSPER.

Student East Sarajevo 1: WE MUST BURY THE HATCHET. FOR AS LONG AS OUR LEADERS KEEP IGNITING HOSTILITIES AND NEGLECTING THE ATTITUDES AND OPINIONS OF YOUNG PEOPLE WE WON'T GET ANYWHERE. FOREIGNERS WANT TO DO BUSINESS, THEY DON'T CARE ONE WHIT WHAT HAPPENED HERE FOUR OR FIVE HUNDRED YEARS AGO. LET'S WORK TOWARDS BETTER LIVES FOR EVERYONE. EVERYTHING THAT IS TRIPARTITE IS NECESSARILY COMPLICATED, BUT LET'S ACHIEVE A HIGHER

STANDARD AND GIVE YOUNG PEOPLE A CHANCE TO REACH THE TOP OF THE PYRAMID.

Student East Sarajevo 2: WE WANT TO LIVE TOGETHER AND WORK; EVERYONE HAS IT EQUALLY HARD, SERBS, CROATS AND MUSLIMS ALIKE.

Student East Sarajevo 3: IT'S POSITIVE, IT OPENS UP NEW POSSIBILITIES. THE EU IS THE BIGGEST FORCE IN THE WORLD AFTER THE US. NOBODY WILL DARE ATTACK US, WE'LL BE SAFE. MORE PEOPLE WILL BE ABLE TO FIND EMPLOYMENT AND PEOPLE FROM THE EU WILL COME OVER HERE AND SO ON.

Student East Sarajevo 4: OUR COUNTRY HAS PLENTY OF RESOURCES AND WITH PROPER MANAGEMENT WE WOULDN'T EVEN NEED TO JOIN THE EU. IF WE COULD INCREASE THE STANDARD OF LIVING WE WOULDN'T NEED TO JOIN. WE'RE A SMALL COUNTRY WHICH STILL HAS RESOURCES.

VIII Citizens think that different levels of government should work together on the implementation of reforms, make compromises and stop manipulating the national sentiments of the people

The participants in the focus groups mostly saw the solution in improved communication and coordination between institutions at different levels of government. This attitude was predominant within the civil servants in Republika Srpska too. They saw unified regulations effective state-wide as the best solution. This attitude was prevalent in the Federation of Bosnia and Herzegovina. Moreover, they were all aware of the complexity of the structure of the State. Interviewees from Republika Srpska showed a certain ambivalence regarding the institutions of the State. On the one hand they accepted and perceived them as their own; on the other they felt the need to stress the importance of preserving the institutions of the Republika Srpska as a guarantee of the nation-building substance of the Serb people in Bosnia and Herzegovina.

Female civil servant: WHEN YOU SEE THREE MINISTERS NEGOTIATING WITH EU REPRESENTATIVES YOU GET THE WHOLE PICTURE.

Female Travnik 1: IT'S A DIFFICULT BUSINESS. WE'D ALL LIKE TO HAVE A SINGLE FIGURE AT THE STATE LEVEL. BUT IF THAT WOULD PRESENT AN OBSTACLE, IF OTHERS WOULDN'T ALLOW THAT KIND OF ARRANGEMENT, LET'S HAVE ONE AT THE ENTITY LEVEL THEN AND LATER WE COULD TRY TO FIND A COMMON WAY. WE SHOULDN'T OBSTRUCT, EVEN THOUGH I THINK HAVING ONE PERSON AT THE STATE LEVEL IS THE RIGHT THING TO DO. AS LONG AS WE MAKE PROGRESS, GET THINGS MOVING.

Female Travnik 2: WHAT IMMEDIATELY COMES TO MIND IS A PARTITION, AND I SAY ONE STATE – ONE LAW.

Female Travnik 3: BOSNIA AND HERZEGOVINA IS WHAT IT IS. WE'VE GOT 13 CONSTITUTIONS TO UPHOLD AND WHAT WE NEED IS ONE LAW FOR ALL, UNIFIED REGULATIONS. AND WE NEED TO DISSOLVE THESE CANTONS. HOW CAN I HAVE EQUAL RIGHTS IF I HAVEN'T GOT EQUAL RIGHTS IN BANJA LUKA OR IF I CAN ONLY RECEIVE MEDICAL TREATMENT IN MY OWN MUNICIPALITY?

Female Travnik 4: I THINK IT'S ALL MADE UP, SO THEY CAN KEEP BLOCKING AND STAY IN POWER.

Female Travnik 5: I THINK THEY'RE USING NATIONALISM WAY TOO MUCH.

Female Travnik 6: WE COMMONERS DON'T THINK IT MATTERS. AND THEY DO, THE LEADERS, THEY WANT EVERYTHING TO BE BASED ON ETHNIC QUOTAS.

Student East Sarajevo 1: EVERYONE SHOULD PARTICIPATE, NOT CANTONS OR ENTITIES BUT THE STATE, WHICH MEANS ALL OF US.

Student East Sarajevo 2: IN ENTITIES AND BETWEEN THEM, IN THE STATE, IT DOESN'T MAKE ANY SENSE TO GO ON LIKE THIS.

IX Citizens are not informed about EU funds available to Bosnia and Herzegovina and do not know where they may get more information on the European integration process

Citizens lacked information about EU funds available to Bosnia and Herzegovina. Educated participants and the employees of state institutions were somewhat better informed. They mostly perceived EU aid as for building and infrastructure refurbishment projects. They also questioned the capacity of the Civil Service to realise EU funds. For more information about EU integration the interviewees would turn to municipal bodies first, then to some other specialised bodies chosen on the basis of their own logic. They believed that not enough information was available and were unaware of the existence of local organisations which promote EU integration.

Female Travnik 1: THE POSITION OF OUR MUNICIPALITY IS SUCH THAT WE DIDN'T HAVE THE POSSIBILITY TO ENGAGE IN CROSS-BORDER COOPERATION.

Female Travnik 2: NOT ALL FUNDS ARE AVAILABLE, BECAUSE WE HAVE NOT MET ALL THE REQUIREMENTS.

Female Travnik 3: THE MORE FUNDS, THE MORE DEVELOPMENT. I'VE NEVER SEEN ANYONE FROM STATE-LEVEL INSTITUTIONS TRYING TO CONTACT PEOPLE FROM LOCAL COMMUNITIES.

Male Livno: It's DIFFICULT TO IMPROVE THE QUALITY OF LIFE THROUGH WORK BECAUSE WE'RE ILL-PREPARED AND WE LACK QUALIFIED PERSONNEL. THE ASSUMPTION IS THAT THEY SPEAK FOREIGN LANGUAGES AND THAT THEIR CREDENTIALS ARE ACCEPTED ABROAD AND WE HAVE NO MONITORING SO WE DON'T KNOW WHERE THEY'VE GONE.

Student East Sarajevo 1: FOR MORE INFORMATION I GO TO THE TOWN HALL. IT'S A MICRO-LOCATION, SO IF I WANT TO KNOW ANYTHING... IF IT'S ABOUT EDUCATION I GO TO THE DEAN OR THE RECTORATE, TOWN HALL IS FOR CIVIC MATTERS. SOME ISSUES ARE NOT THE CONCERN OF THE STATE.

Student East Sarajevo 2: IT DEPENDS ON WHAT IT IS YOU WANT TO KNOW, EVENTUALLY YOU'LL FIND SOMEONE TO TALK TO... THERE ARE ALWAYS HIGHER-UPS. YOU SHOULDN'T SETTLE FOR A SINGLE PIECE OF INFORMATION.

Student East Sarajevo 3: THERE SHOULD BE AN ORGANISATION DEVOTED TO EU INTEGRATION, AND IT SHOULD HAVE REPRESENTATIVES OF ALL TOWNS AND REGIONS - LIVNO, TRAVNIK, SARAJEVO, SUCH THAT EVERYONE KNOWS WHO THEY ARE, SO YOU CAN GET INFORMATION AND REACH THE PEOPLE AT THE TOP.

X Of all the Western Balkan countries, only Croatia is seen as being at the door of the EU. The participants believe that other countries are not much better than Bosnia and Herzegovina, but they also think that a simple state structure enables these countries to advance more quickly.

It was evident that some of the participants considered that Albania, Montenegro and Macedonia were lagging behind Bosnia and Herzegovina in the EU integration process, or that these countries were at best on a par with Bosnia in some aspects of the accession process. It was interesting that the interviewees did not have enough information about this process in Serbia, but they all pointed to Croatia as the regional frontrunner. They listed the complex government structure, the multiethnic character of the country, the lack of agreement between the three ethnic groups and the lack of a vision as aggravating circumstances for Bosnia and Herzegovina. Especially significant were the traces of a sense of prolonged temporariness, or uncertainty about the future with regard to the survival of the State and society. The tripartite Presidency system was perceived as the symbol of the complexity of the state structure which was projected onto other institutions as well.

Student East Sarajevo 1: CROATIA IS FAR AHEAD OF US ALL, THEY'VE SORTED OUT THEIR TOURISM AND INFRASTRUCTURE. THEY'RE IN DEBT, BUT IT'S BECAUSE OF ALL THE MOTORWAYS THEY'VE BUILT.

Student East Sarajevo 1: THEY'RE DOING A GOOD JOB, MOUNTAIN SLJEME IS THE SIZE OF MOJMILO BUT THEY'VE GOT A SKI CENTRE THERE, FIS RACES, THE WORLD CUP. SARAJEVO HAS OLYMPIC MOUNTAINS, BUT

IT'S BEEN 20 YEARS SINCE EVERYTHING'S BEEN RAZED. HOW MUCH MORE UNUSED POTENTIAL DOES SARAJEVO HAVE? I'M NOT SURE IF THERE'S EVEN A BUS LINE CONNECTING EAST SARAJEVO WITH MOUNTAIN JAHORINA.

Female Student East Sarajevo 1: I THINK WE'RE FAR AHEAD OF ALBANIA AND MONTENEGRO.

Student East Sarajevo 2: I DON'T KNOW, I THINK WE'RE ABOUT EQUAL – UNLESS THEY'RE AHEAD OF US.

Female Student East Sarajevo 2: I THINK WE'RE AHEAD OF MACEDONIA.

Student East Sarajevo 3: THEY'VE ACCOMPLISHED MORE BECAUSE WE'VE GOT A MORE COMPLEX STATE. THEY HAVEN'T GOT ANY OF THESE PROBLEMS. NONE OF THESE COUNTRIES IS MONO-ETHNIC, BUT THEY'VE ALL GOT ONE PRESIDENT, AND WE'VE GOT THREE. WE'RE THE MOST COMPLEX STATE IN THE WORLD.

Student East Sarajevo 4: THEY ALL HAVE TO MEET CERTAIN REQUIREMENTS AND WE'VE GOT SPECIAL REQUIREMENTS TO MEET IN ADDITION TO THE STANDARD ONES – WE HAVE TO HAND OVER THE WAR CRIMINALS AND WE'VE NOT DONE THAT.

Female Student East Sarajevo 3: THEIR CITIZENS AREN'T IN A MUCH BETTER POSITION; MAYBE THEIR SITUATION IS BETTER, BUT NOT MUCH. I DON'T THINK THEY'RE ANY BETTER. AFTER ALL, IT'S ALL THE BALKANS.

Female Travnik 1: THE QUESTION IS IF THEY'RE INTERESTED IN ACCEPTING US. EVERYONE ELSE IS HEADING TO EUROPE, I DON'T SUPPOSE WE'LL BE LEFT BEHIND LIKE ORPHANS.

Female Travnik 2: THEY ARE AHEAD OF US, BUT I DON'T KNOW WHAT MAKES THEM MORE INTERESTING THAN US. TAKE VOJVODINA FOR

EXAMPLE, THEY'VE GOT EVERY ETHNIC GROUP IMAGINABLE AND THEIR SYSTEM DOESN'T WORK EITHER, BUT THEY'VE KEPT IT.

Female Travnik 3: IT'S EASIER FOR COUNTRIES WHICH HAVE ONLY ONE PRESIDENT INSTEAD OF THREE.

Female Travnik 4: CROATIA, SERBIA AND MONTENEGRO ALL BOWED THEIR HEADS. MAYBE IT'S BECAUSE OF OUR SPITE; WE ARE INDEED A BIT UNSUBMISSIVE. I WOULD LIKE US TO JOIN EUROPE BUT REMAIN BOSNIANS AND HERZEGOVINIANS.

Male Livno 1: IF WE COMPARE BOSNIA AND HERZEGOVINA TO THE REST OF THE REGION WE SEE THAT CROATIA HAS ADVANCED FURTHEST. THEY'RE AT THE DOOR OF THE EU. IT'S THE COMPLEXITY OF OUR PROBLEMS, THE LACK OF AGREEMENT ABOUT JOINT ACCESSION THAT MAKES THE SITUATION MORE DIFFICULT. UNTIL WE CHANGE THE DEFAULT SETTINGS IN OUR HEADS, IN THE HEADS OF THE PEOPLE IN THE EXECUTIVE BRANCH, WE WON'T BE ADVANCING ANY FASTER. WE SHOULD MAKE USE OF CROATIA'S EXPERIENCE; THEY'VE ADVANCED A LOT IN APPROXIMATING THE LEGISLATION AND ALL THE OTHER SEGMENTS OF SOCIETY.

Male Livno 2: THREE PRESIDENTS, TWO ENTITIES. WHEN THAT IS GONE WE'LL BE ON A PAR WITH MONTENEGRO OR MACEDONIA. WE DON'T EVEN KNOW IF WE'LL MANAGE TO RETAIN OUR STATEHOOD AND BORDERS. IT'S GOING TO BE DIFFICULT, EVEN WHEN WE REALISE THAT SARAJEVO IS OUR CAPITAL AND THAT WE LIVE IN BOSNIA AND HERZEGOVINA. WE MUST CHANGE THE DAYTON ACCORDS AND THE CONSTITUTION.

Male Livno 3: OTHER COUNTRIES HAVE COMPACT NATIONAL GROUPS. IT'S EASIER FOR THEM TO AGREE TO WORK ON THE EU INTEGRATION PROCESS.

Male – civil servant 2: AT THE CORE OF THE ISSUE ARE THE POLITICAL SYSTEM AND THE ETHNIC QUOTAS, THE MIXING OF THE ETHNIC AND THE CIVIC PRINCIPLE. HOW ARE WE GOING TO SOLVE THAT IF NOT BY PRODUCING GOOD ENTREPRENEURS, ARTISTS AND ATHLETES?

XI Citizens of Bosnia and Herzegovina emphasise their European identities and think that foreigners lay too much stress on everything that is negative about the Balkans whose history is not so much bloodier than the history of the rest of Europe

All the focus group participants had marked European identities. The Balkans was understood as part of a tradition – an area where the mentality of the people is somewhat obstinate, but not very different from the mentalities in the rest of Europe which also have their distinctive features. They thought that Europeans baselessly overemphasise the negative aspects of the Balkans, but also that the bad image of the region is partly due to some people from the Balkans who live in Europe and whose behaviour is not representative of the majority of Balkanites. Furthermore, they thought that nationalism would persist but some other things will deprive it of its importance. It was stressed that Balkanites are quick to fit into the European environment if they are exposed to the European value system.

Male Livno 1: IF YOU'RE EUROPEAN IN SPIRIT, YOU'LL BE EUROPEAN EVEN IN THE BALKANS, AND IF YOU'RE A BALKANITE – YOU'LL BE A BALKANITE IN EUROPE, TOO.

Male Livno 2: IT'S A MATTER OF PERCEPTION OF WE BALKANITES. HOW WE BEHAVE IN SOCIETY, AT WORK, ETC. IS A MATTER OF PERSONAL MANNERS. IT TAKES ALL SORTS, BUT THE PERCEPTION IS THAT'S WHAT OUR CULTURE IS LIKE. IT'S ALL ABOUT THE ATTITUDE WE ASSUME.

Male Livno 3: THEY PERCEIVE US AS TRIBESPEOPLE AND THEY END UP SURPRISED WHEN THEY MEET US AND SEE IT'S NOT QUITE LIKE THAT. THIS BALKAN VS. EUROPE DICHOTOMY, IT'S SOMETHING EUROPE USES WHEN IT WANTS TO FOIST SOMETHING ON US. THE BALKANS IS IN THEIR HEADS, NOT OURS. WE MUST BE FREE. IT'S NOT AS IF THE ITALIANS ARE ANY BETTER OR AS IF THE SICILIANS ARE ALL MAFIOSI.

Male Livno 4: WE'LL STILL BE BALKANITES, BUT THE RAISING OF THE LIVING STANDARDS WILL HELP PRESERVE OUR TRADITIONS AS PART OF A EUROPEAN AND WORLD HERITAGE. THEY ALL DONATED A PART OF THEIR CULTURE, THAT'S PART AND PARCEL OF ACCESSION.

Male Livno 5: IT ALL DEPENDS ON YOUR SELF-PERCEPTION, THE OPINION YOU HAVE OF YOURSELF AND YOUR PEOPLE. WE WILL STILL BE BOSNIAKS, CROATS AND SERBS, BUT WE'LL FIT IN BETTER IF THE STANDARD OF LIVING IS HIGHER. YOUR ETHNICITY WON'T MATTER ONCE YOU'RE ABLE TO LIVE AND WORK SOMEWHERE. ALL THREE PEOPLES LIVE SIDE BY SIDE IN AUSTRIA AND THEY BEHAVE DIFFERENTLY BECAUSE THEY HAVE IT BETTER OVER THERE, THEY MAKE MORE MONEY AND THEY THINK ABOUT WHERE TO GO FOR A PICNIC OR EXCURSION. IT'S GOING TO BE THAT WAY IN BOSNIA TOO. AS FOR THE WHOLE BALKAN AND BALKANITES BUSINESS, THAT WON'T MATTER MUCH.

Female Travnik: Why CAN'T YOU BE A BALKANITE AND A EUROPEAN? THE BALKANS ARE IN EUROPE.

Student East Sarajevo 1: THERE WILL BE MORE DISAGREEMENT, THE REFORMS AIM TO BUILD A UNIFIED STATE AND DISSOLVE THE ENTITIES, WHICH IS NOT A GOOD THING AND IT COULD LEAD TO CONFLICTS..

Female Student East Sarajevo: IF THERE WERE MORE JOBS AVAILABLE NO ONE WOULD THINK ABOUT POLITICS.

Student East Sarajevo 2: IF WE CAN GET ON WITH BOSNIAKS AND CROATS TODAY, I DON'T SEE WHY WE SHOULDN'T BE ABLE TO GET ON WITH THEM TOMORROW?

Student East Sarajevo 3: WE'RE ALREADY EUROPEANS, AS WELL AS BOSNIANS AND SERBS. NOTHING WILL CHANGE, WE ARE PART OF EUROPE.

Student East Sarajevo 3: IN THE US NO ONE EVER SAYS, "THIS BLOKE IS FROM SERBIA", THEY SAY, "HE'S FROM EUROPE."

XII Civil servants

Separate EU integration departments are a rare occurrence and training programmes devoted to the introduction of the EU standards are sporadic and are the domain of the NGO sector and foreign projects

Male – civil servant 1: I CAN SAY FOR MYSELF THAT I’M RATHER WELL-VERSED IN THE FIELD, BUT THAT’S THE RESULT OF MY OWN LEARNING EFFORTS. IT STARTED AS MERE GOOD INTENTIONS; I WANTED TO APPLY OR TRY TO APPLY SOME OF THAT KNOWLEDGE IN THE ADMINISTRATIVE BODY IN WHICH I WORK. ON THE ONE HAND I’M SELF-EDUCATED IN THAT REGARD, ON THE OTHER I HAVE BEEN FORTUNATE ENOUGH TO PARTICIPATE IN NUMEROUS CIVIC ASSOCIATIONS AND FOREIGN AND DOMESTIC NGO PROJECTS WHERE I LEARNT SOMETHING, BUT ALSO IMPLEMENTED THINGS FROM PAPER. THERE HAS BEEN NO SYSTEM OF ANY KIND, NOR HAS ANYONE SHOWN ANY INTENTION OR INCLINATION TO EDUCATE ME AND MY COLLEAGUES.

Female – civil servant 1: I KEEP MYSELF UP TO DATE AS REGARDS OUR LEGISLATION AND THE APPROXIMATION WITH THE EU. THERE’S BEEN NO TRAINING, NO PROJECTS, EDUCATION IS AT A MINIMUM. THIS YEAR WE’VE HAD ONLY ONE WORKSHOP. I KEEP MYSELF INFORMED ON MY OWN AND UP TO DATE ON THINGS THAT ARE USEFUL TO ME, FOR EXAMPLE I MOSTLY READ AND ANALYSE CUSTOMS TARIFFS, AS FOR THE REST....

Female – civil servant 2: WE’VE RECEIVED AN OFFER OF TRAINING FROM THE DEI AND WE HAVE AN EU INTEGRATION AND INTERNATIONAL COOPERATION DEPARTMENT.

Male – civil servant 2: EDUCATION IS A PROBLEM AT ALL LEVELS. IT’S DONE IN A PRO FORMA WAY FOR SOME PEOPLE TO SPEND FUNDS AND ACCOUNT FOR EXPENDITURE. WE’VE NO PR STRATEGY. WE’VE GOT PUBLIC ADMINISTRATION EVALUATION AGENCIES, BUT THEY DON’T KNOW WHAT THEY’RE SUPPOSED TO DO. OUR STAFF IS A DISASTER. WE ALL GREW UP IN A DIFFERENT TIME. THEY’VE EMPLOYED ALL KINDS OF PEOPLE. AS FOR THE LEGAL FRAMEWORK, WHAT DID THE LAW ON PUBLIC SERVICE CHANGE? THEY LAID DOWN THE GOALS, QUALITY STANDARDS AND OTHER PRINCIPLES WITHOUT TAKING THE PRINCIPLES OF EUROPEAN PUBLIC SERVICE INTO ACCOUNT. ORGANISATION? A

CLUMSY, TORPID ORGANISM, UNWILLING TO ACCEPT INNOVATIONS. HEADS OF DEPARTMENTS ARE APPOINTED WITHOUT ANY RECRUITMENT PROCEDURE. ETHNIC QUOTAS: IT'S A PUBLIC INSTITUTION AND YOU HAVE POLITICS INFLUENCING THE SELECTION OF EMPLOYEES BASED ON THEIR ETHNICITY NOT THEIR PROFESSIONAL QUALITIES. HOW ARE WE SUPPOSED TO GRAB THAT GIANT BULL BY THE HORNS? WE ALWAYS END UP STUPEFIED WHEN THOSE FOREIGNERS ASK QUESTIONS, OR WE SEE IT COMING AND TRY TO EXPLAIN, THERE'S BEEN A WAR AND THEY JUST ASK, „HAVE YOU GOT IT, OR NOT?“

Male – civil servants 2: THERE'S THE INFO CENTRE, THE PROJECT INSTITUTE WHICH WORKS TOGETHER WITH THE EDUCATION INSTITUTE ON PROJECTS AIMED AT ENTREPRENEURS WHO ARE OUR TARGET GROUP.

Male – civil servant 3: I WORK AT THE LOCAL LEVEL. THE LOCAL COMMUNITIES HAVE BEEN DEPRIVED BY THE POWER STRUCTURES OF OPPORTUNITIES TO LIAISE ACTIVELY WITH EUROPE AND THE INTERNATIONAL COMMUNITY. THAT GOES MOSTLY THROUGH THE NGO SECTOR OR PEOPLE EDUCATE THEMSELVES ON THEIR OWN OR THROUGH THE MEDIA. THERE'S VERY LITTLE IN THE WAY OF PROFESSIONAL EDUCATION.

The introduction of European standards and changes in the workplace methods is more pronounced in the specialised and newly-formed institutions at higher levels of government, whereas the experience with IPA funds is very limited

Female – civil servants 1: WE'VE PULLED OUT OF THAT SYSTEM AND HAVE ENDEAVOURED TO BE UP TO DATE WITH STRATEGIES SO THAT WE CAN KEEP PACE WITH THE EUROPEAN INTEGRATION PROCESS. WE DIDN'T WANT TO WAIT FOR THE STATE TO DO SOMETHING, WE WANTED TO KEEP TRACK OF THE SITUATION AND BE READY WHEN REQUESTS ARRIVED FROM THE EU. THE STRATEGIC GOAL IS FOR THE STAFF TO SPEAK ENGLISH. TAKE SLOVENIA FOR EXAMPLE. THERE'S NO TIME FOR TRANSLATION, WE MUST START TO WORK ON CURRENT ISSUES IMMEDIATELY, AND WE CAN'T WAIT FOR TRANSLATORS.

Female – civil servant 2: IT ALL DEPENDS ON AN INDIVIDUAL CIVIL SERVANT'S INCLINATION TO DO THINGS PROPERLY. WHAT'S HIS INCENTIVE, PERHAPS ONLY SOME INNER DRIVE TO MAKE EVERYTHING RIGHT AND PROPER, BUT IF THERE'S NO SYSTEM TO PRESCRIBE THAT KIND OF APPROACH...

Male – civil servant 1: I DISAGREE... WITH THE BIT ABOUT THEM ALWAYS MAKING MORE DEMANDS. THE PAPERS WRITE THAT THEY'LL BE EXPLOITING US AND SO ON, BUT I THINK IT'S THE OTHER WAY ABOUT. LET'S MEET THOSE FIVE REQUIREMENTS THEN MEET THE SIXTH AND SO ON. ULTIMATELY WE DON'T HAVE TO JOIN THE EU, BUT LET'S BE LIKE THE EU. WE CAN'T ALWAYS COME UP WITH EXCUSES...

Male – civil servant 2: WE'RE ACCUSTOMED TO CHARITY, ACCUSTOMED TO THINGS HAPPENING WITHOUT OUR EFFORTS. NO ONE WILL LET US JOIN IF WE DON'T MEET THE TECHNICAL REQUIREMENTS. WE HAD A WAR, DIFFICULT SITUATION AND ALL, BUT YOU CAN'T LIVE AND PROSPER LIKE THAT.

Male – civil servant 3: THERE ARE A NUMBER OF MECHANISMS TO GET RID OF THE IDLERS AND INEPT PEOPLE, ALL BY THE BOOK. THE LEGISLATORS LAY DOWN THE PROCEDURES FOR EVERYTHING, FROM AIRPORTS TO HOSPITALS. BUT IN THIS COUNTRY THE PEOPLE AT THE TOP DON'T WANT THAT, BECAUSE IF YOU'VE GOT PROCEDURES YOU DON'T NEED PERMISSION FROM ABOVE. JUST LOOK AT THE LOWER ECHELONS RUNNING AS FAST AS THEIR LEGS CAN CARRY THEM TO ASK THE BOSSES WHAT TO DO. WHAT WOULD THEY BE ASKING ABOUT IF WE HAD PROCEDURES? THERE ARE METHODS OF EVALUATION OF CIVIL SERVANTS' PERFORMANCE.

Female – civil servant 2: YES, OUR REGULATIONS AND WORK METHODS ARE HARMONISED WITH THE EUROPEAN REGULATIONS. I THINK THEY'RE GOOD. STILL, THERE IS MUCH LOBBYING AND PERSONAL INTERESTS. WE SHOULD ASSIST AND SERVICE OUR ECONOMY.

Female – civil servant: IT'S TERRIBLE THAT THERE ARE NO SANCTIONS FOR THE BAD ONES AND NO REWARDS FOR THE GOOD ONES. NOW THE EU TURNS UP TO FORCE US TO PASS THIS OR THAT LAW. WE'RE A PROBLEM TO THEM IF WE DON'T GET OURSELVES TOGETHER.

Female – civil servant: THERE ARE ENORMOUS AMOUNTS OF MONEY IN THE PRE-ACCESSION FUNDS AND OUR PEOPLE DON'T KNOW HOW TO APPLY AND IF THEY DO APPLY THEY BOTCH IT UP AND THE MONEY GOES TO WASTE. OUT OF 60 PROJECTS, OURS IS THE ONLY ONE THAT'S FINISHED. ARE THE OTHER INSTITUTIONS INCAPABLE OF FINISHING THEIR APPROVED PROJECTS?

The civil servants think that the advancements made by the neighbouring countries and the position of their counterparts in those countries are a result of having a simpler state structure and clearly defined goals on which all institutions work and which puts them in a better position

Male – civil servant 1: ON THE LOCAL LEVEL WE WERE THE FIRST ADMINISTRATION BODY IN THE COUNTRY, THIRD IN FORMER YUGOSLAVIA, TO INTRODUCE QUALITY MANAGEMENT. SERBIA WAS MILES BEHIND US, AND CROATIA, TOO. A BIT LATER, ALBANIA WAS AHEAD OF US. LATER I SAW FOR MYSELF THAT SERBIA IS NOW AHEAD OF US. THAT'S WHAT THE RECORDS SHOW. WE STARTED FROM A GREAT POSITION AND I CANNOT BELIEVE THAT WE DIDN'T USE THE INITIAL ENTHUSIASM TEN YEARS AGO TO MOVE ON AND TO TAKE THE BOTTOM-UP CHANGES TO THE TOP. THERE WAS NEITHER INCLINATION NOR KNOW-HOW. THOSE OF US WHO WERE MORE CAPABLE PUT A LOT ON THE PLATES OF OTHERS AND THEY WEREN'T PREPARED TO KEEP PACE. THAT'S HOW POSITIVE PROCESSES WERE STOPPED.

Female – civil servant 1: IN MANY THINGS THEY'RE NOT AHEAD OF US, BUT THEY'VE GOT A SINGLE GOAL.

Female – civil servant 2: IF I'VE GOT A GOAL, I'LL FIND A WAY TO REACH IT, BUT WHAT DO I DO IF I HAVEN'T GOT ONE?

Male – civil servant 2: THEY HAVEN'T GOT A LOT. THEIR POSITION IS DIFFERENT, THE POLITICAL SITUATION IN THEIR COUNTRY IS DIFFERENT, NO DOUBT. SAME GOES FOR SERBIA. BOSNIA HAS GOT NOTHING THAT'S BEEN PUT IN ORDER. REPUBLIKA SRPSKA IS UNQUESTIONABLE AND SO IS THE STATE, SO WE'LL FIND SOMEONE TO OBSTRUCT. THE FEDERATION SAYS

TO WAIT, WE'LL RESTRUCTURE EVERYTHING, AND SO ON. OTHERS DON'T HAVE PROBLEMS OF THAT SORT. IN CROATIA PROBLEMS ARE CONCEALED, OVER HERE EVERYONE IS TIRED OF TALKING ABOUT PROBLEMS.

XIII Conclusion

Citizens keep themselves informed about the European integration process by watching daily political TV programmes and for this reason they see it as a primarily political process. Such a daily political image of reality results in the fact that rare accomplishments such as the visa-free regime are understood as exceptions within the system. At the same time it follows that the political structures and the organisation of government are an obstacle in the European integration process.

The citizens are not well-informed about the primary obligations of Bosnia and Herzegovina in the EU accession process. With the limited information obtained from discourses of daily politics and the evident stagnation in mind, inter-institutional cooperation is seen as exceedingly poor because a handful of people from the ranks of the political elite make all the decisions. Considering the fact that at the level of daily politics Bosnia and Herzegovina's bid to join the EU is accepted to the extent it is compatible with the preservation of the political positions which resulted from the conflict fifteen years ago, the citizens think it would expedite the accession effort if we were to stop revisiting topics from the past.

The citizens believe that the introduction of European standards in Bosnia and Herzegovina will have a positive impact on work ethics but will adversely affect local resources and traditions because they are subjected to daily political manipulations and fear-mongering in conjunction with limited access to facts. At the same time they do not believe that their politicians are capable of protecting their social and economic interests before and after accession.

Still, when all the positive and negative aspects are appraised, a dominant majority of interviewees considers the integration of Bosnia and Herzegovina into the EU to be a common interest of all citizens and ethnic groups in the country because it will bring peace, stability and economic prosperity. For that reason they believe that different levels of government should work together on the implementation of reforms, make compromises and stop manipulating the national sentiments of the people. At the same time the citizens are not informed about the EU funds available to Bosnia and Herzegovina and do not know where they can get more information on the European integration process.

As regards the perceptions of Bosnia's position in the regional context of EU integration, there are variations which stem from different life experiences. The common denominator is that Croatia is the only Western Balkan country which is considered to be at the door of the EU, while the other countries are considered not to be much better placed than Bosnia and Herzegovina, although their simple state structures make it possible for them to advance more quickly. The citizens stress their European identity and think that foreigners overemphasise the negative aspects of the Balkans whose history is not so much bloodier than the history of the rest of Europe.

The civil servants point out that separate EU integration departments are a rare occurrence and training programmes devoted to the introduction of EU standards are sporadic and are the domain of the NGO sector and foreign projects. The conclusion may be drawn that the introduction of European standards and changes in workplace methods are more pronounced in specialised institutions at higher levels of government, whereas the experience with IPA funds is very limited. The civil servants think that the advancements made by the neighbouring countries and the position of their counterparts in those countries are due to their having simpler state structures and clearly defined goals on which all institutions work and that this puts them in a better position.

The general conclusion is that existential fears and past experience have the potential to push aside all the negative aspects of integration, as well as the prejudice about the EU and auto-stereotypes in favour of a vision of a better life, security, cessation of conflicts, higher standard of living and a life unburdened by daily politics which manipulates national sentiments.



PRISM RESEARCH

for Foreign Policy Initiative of BH (FPI)

| Results of a research study

Comparison of the results of research studies conducted in 2009 and 2010

April 2011

Methodology:	Face to face interviews in households of interviewees
Selection of households:	Random selection
Selection of respondents:	Principle of the most recent birthday in a family (the respondent was the person in a household above the age of 18 with the most recent birthday)
Sample:	2009: N = 1050 respondents 2011: N = 1500 respondents
Representative sample:	The sample is representative of the population of Bosnia and Herzegovina above the age of 18.
Interviewing period:	20 - 31 December 2009, 02 - 28 March 2011
Instrument:	A questionnaire designed by Prism Research

Main findings

In the 2011 survey, compared to that of 2009, a noticeably higher percentage of respondents from the total sample believed that Bosnia and Herzegovina was moving backwards when it comes to European integration (50.1% compared to 44.7%). In this respect, the most optimistic respondents seemed to be those from Brčko District, those from urban areas and those of Bosniak ethnic background.

As in the 2009 survey, the respondents in 2011 largely supported Bosnia and Herzegovina joining the EU. The greatest support for entry into the European Union came from respondents from the Federation and those of Bosniak ethnicity.

When asked which was the leading country in the region in terms of meeting the obligations that are considered prerequisites for joining the European Union, the respondents estimated that Croatia was closest to fulfilling these requirements. Respondents from Brčko District, as opposed to the respondents from the two entities, gave significantly more credit to Bosnia and Herzegovina in fulfilling these requirements. There was no significant difference between the entities in assessing how close Bosnia and Herzegovina is to meeting the requirements for joining the European Union.

Overall, respondents in 2011 gave a more positive evaluation of the activities of government aimed at meeting the requirements for joining the European Union than those from 2009. The most positive ratings came from respondents from Republika Srpska, the respondents of Serb ethnicity and those aged over 60.

Although most respondents in both the 2009 and 2011 surveys believed that not a single level of government had been successful in the realisation of tasks which are prerequisites for the accession of Bosnia and Herzegovina to the European Union, it was a lower percentage in 2011 (43.7%) than in 2009 (52.0%). Additionally in 2011 respondents more frequently referred to the State Government (27.3%) as being the most successful in this respect than they did in 2009 (12.3). As in the 2009 survey, respondents in the RS referred to the Entity Governments as being the most successful in this context far more often than their counterparts from the Federation.

The highest percentage of respondents in both the 2009 (52.1%) and 2011 surveys (49.8%) said that they did not know which institution worked the best in the interest of Bosnia and Herzegovina's accession to the European Union. Respondents in the RS, significantly more so than those in the FBiH, referred to the Government and institutions of the RS, as well as those at the state level, as being the best in this respect. Respondents from the Federation of Bosnia and Herzegovina, more often than those from Republika Srpska, cited all the institutions of the state level (as well as other institutions) as being those which worked best in the interest of Bosnia and Herzegovina's accession to the European Union.

Although respondents in both surveys thought that local politicians were the biggest obstacle to the realisation of the obligations of Bosnia and Herzegovina for accession to the European Union, this was higher in 2011 (70.5%) than in 2009 (55.9%). In 2011 the respondents in the FBiH and Brčko District considered that the second biggest obstacle was the Constitution of Bosnia and Herzegovina, while the respondents in RS stated that it was the public administration.

Respondents overall thought a city was most important and although the State of Bosnia and Herzegovina, Cantons, Entities and Europe were all mentioned, they were deemed less important. For respondents in the RS and Brčko District, the Entities were more important than Bosnia and Herzegovina.

A majority of respondents from the overall sample believed that Bosnia and Herzegovina was currently closer to the European Union (57.5%) than to a new conflict (31.3%). Respondents from Brčko District cited this opinion more frequently than those from the Entities (97.8% compared to 55.1% in FB&H and 58.2% in RS). In addition, this opinion was expressed more often by respondents over the age of 60 than younger respondents and more frequently by the unemployed than those in work.

In 2011 respondents were more assured than in 2009 that meeting European standards would lead to an improved economic situation in Bosnia and Herzegovina. In 2011 respondents from the Federation of BiH and Brčko District were more convinced of this (including those of both Bosniak and Serb ethnicity) than respondents from the RS.

Respondents of the overall sample did not change their opinion in the period from 2009 - 2011 about the ability of BiH businessmen to compete with foreign companies once Bosnia and Herzegovina joins the European Union. The only difference was that whereas in 2009 this opinion was predominantly expressed by respondents of Serb ethnicity, in 2011 the respondents of Bosniak ethnicity seemed to be more convinced of this than the others.

Although in both surveys respondents deemed that business problems were mainly caused by the state structures, this was higher in 2011 (80.2%) than in 2009 (66.5%). A majority of respondents from FBiH and BD considered that the problem was with the government structures whereas in the RS the majority view was that the problem lay with businessmen themselves.

Respondents of the overall sample did not change their opinion during the period from 2009 to 2011 about whether civil servants had been trained about and were familiar with the requirements imposed on Bosnia and Herzegovina in the process of accession to the EU. Respondents in the RS were significantly more confident than respondents in the FBiH that civil servants were properly trained.

In both surveys the highest percentage of respondents of the total sample thought that civil servants had neither the will nor desire to work in the interest of the citizens and the State in order to speed up the accession of Bosnia and Herzegovina to the European Union. A slightly higher percentage of respondents expressed this opinion in 2011 (55.0%) than in 2009 (44.0%). Respondents in the RS are more convinced than the respondents in the FBiH that civil servants have the will and desire to work in the interest of citizens and the State.

Respondents in 2011 gave a more positive evaluation to the work of NGOs than in 2009. In 2009 it was established that respondents from Brčko District and those of Bosniak ethnicity evaluated the work of the NGO sector more favourably than those from the Entities and those of other ethnicities. In 2011, in addition to the above-mentioned results, it was established that respondents in the FBiH evaluated the work of NGOs far more positively than those in the RS.

In 2011, compared to 2009, respondents stated less often that NGOs are active in informing citizens of the EU integration process. In 2011 it was established that respondents in the RS stated that these organizations were active far more often than their counterparts from the FBiH and Brčko District. Respondents who had not completed primary school and those of Serbian ethnicity suggested that these organizations were active in the aforementioned context more often than educated respondents and respondents of other ethnicities.

Both surveys showed that television was the main source of information about EU integration, the percentage being slightly higher in 2011 (79.3%) than in 2009 (73.6%). Respondents from the FBiH used the Internet and information from friends, relatives and neighbours far more often than those from the RS. Employed respondents used print media and the Internet more often than the unemployed, while Bosniaks and Croats tended to use them more frequently than respondents of Serb ethnicity.

The respondents of the overall sample did not change their opinion significantly during the period from 2009 to 2011 about whether the future of Bosnia and Herzegovina was in the European Union. The majority of respondents in both studies believed that the future of BiH was in the EU (63.2%) and that there was no alternative (21%). Most convinced of this were respondents from the Federation of BiH (69.2%) and Brčko District (77.3%) as well as unemployed respondents.

The majority of respondents in both surveys supported the entry of Bosnia and Herzegovina into the European Union even if that implied that certain responsibilities would be transferred from entity to state level. This was higher in 2011 (72%) than in 2009 (63.7%). Respondents from the FBiH and Brčko District (85.8% and 95.8% respectively) had a significantly more supportive attitude than those from the RS

(46.1%). The least supportive attitude was more often noted in respondents of Serb ethnicity than in others.

In 2011 respondents were more convinced (62.5%) that the citizens of the European Union member states wanted Bosnia and Herzegovina as a member of the European Union in the future than in 2009 (55.6%). This opinion was most frequently shared by respondents in Brčko District, those who lived in rural areas and respondents of Bosniak ethnicity.

Most of the respondents in both 2009 and 2011 supported the accession of Bosnia and Herzegovina to NATO, this being higher in 2011 (64.7%) than 2009 (56.3%). This supportive attitude was more frequently noted in respondents from the Federation (82.5%) and Brčko District (95.1%) as well as in more educated respondents, than in those from the RS (31.4%) and less educated respondents. Accession to NATO was supported less by respondents of Serb ethnicity, employed respondents and those from urban areas.

Respondents in both surveys (23.5% and 38.1% respectively) stated that BiH membership of NATO for them primarily meant security. More respondents from the Federation stated that membership in NATO for them primarily meant safety and the prevention of possible conflicts than in the RS. On the other hand, respondents in the RS stated that for them membership of NATO meant an imposition of political will by the West, direct military influence of the West and the fear of sending BiH troops to the war zones far more than did those in the Federation.

Socio-demographics of the 2009 sample



	Sample	No	%
ENTITY	F BiH	612	58,3
	RS	416	39,6
	District Brčko	22	2,1
MAJORITY AREA	Bosniak majority	476	45,4
	Croat majority	135	12,9
	Serb majority	416	39,6
	District Brčko	22	2,1
TYPE OF SETTLEMENT	City	450	42,9
	Village	600	57,1
GENDER	Male	514	49,0
	Female	536	51,0
AGE	18 - 35	382	36,4
	36 - 60	455	43,4
	61+	213	20,2

	Sample	No	%
EDUCATION	No primary education	81	7,7
	Primary education only	200	19,1
	Highschool education	578	55,0
	Higher education (post-secondary education)	122	11,6
	University education	63	6,0
	Masters degree/PhD	3	0,3
	Refused to answer	3	0,3
NATIONALITY	Bosniaks	497	47,3
	Serbs	376	35,8
	Croats	135	12,8
	Other	6	0,7
	Refused to answer	36	3,4
EMPLOYMENT STATUS	Employed	384	36,6
	Unemployed	653	62,2
	Refused to answer	13	1,2

Socio-demographics of the 2011 sample



	Sample	No	%
ENTITY	F BiH	924	61,6
	RS	532	35,4
	District Brčko	44	2,9
MAJORITY AREA	Bosniak majority	743	49,5
	Croat majority	181	12,1
	Serb majority	532	35,4
	District Brčko	44	2,9
TYPE OF SETTLEMENT	City	676	45,1
	Village	824	54,9
GENDER	Male	718	47,9
	Female	782	52,1
AGE	18 - 35	505	33,6
	36 - 60	637	42,5
	61+	358	23,9

	Sample	No	%
EDUCATION	No primary education	148	9,9
	Primary education only	257	17,1
	Highschool education	865	57,7
	Higher education (post-secondary education)	100	6,6
	University education	114	7,6
	Masters degree/PhD	7	0,5
	Refused to answer	9	0,6
NATIONALITY	Bosniaks	778	51,9
	Serbs	455	30,3
	Croats	189	12,6
	Other	63	4,2
	Refused to answer	14	1,0
EMPLOYMENT STATUS	Employed	523	34,9
	Unemployed	967	64,4
	Refused to answer	10	0,7

Q1. In what direction is BiH going when it comes to European integrations?

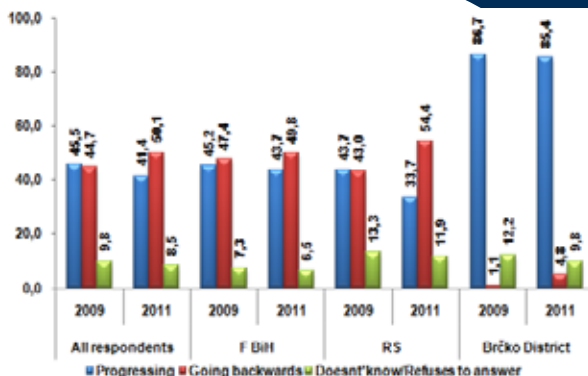
-Total and Entities, comparison of 2009 and 2011 -

N(2009)=1050
N(2011)=1500

In the survey conducted in 2009, the respondents from Brčko District were significantly more optimistic in terms of the direction that BiH takes when it comes to European integrations.

They statistically more often estimated that BiH is progressing on the path towards EU than the respondents from FBiH and RS.

In addition to this, the analysis has shown that male respondents are more optimistic in this respect than female respondents.



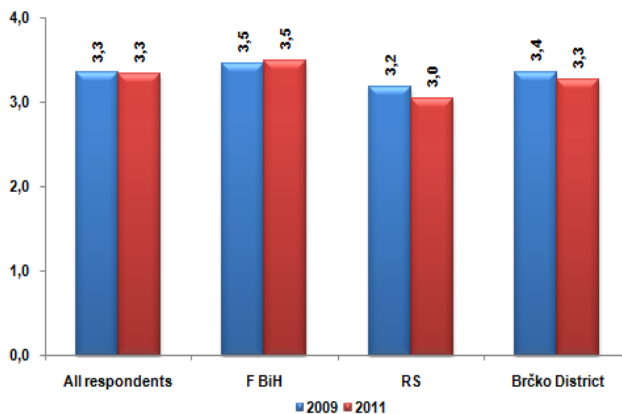
In the survey conducted in 2011, similarly like in the 2009 survey, respondents from Brčko District were significantly more optimistic in terms of the direction that BiH takes in terms of European Integrations. They statistically more often estimated that BiH is progressing on the path towards EU than the respondents from FBiH and RS. Respondents from FBiH statistically more often than respondents from RS stated that BiH is progressing in the EU integration process. This view is also statistically more often articulated by the respondents from urban areas as opposed to those from rural areas, and also more often by the respondents of Bosniak ethnicity as opposed to those of Serb ethnicity. Respondents age of 18- 35 statistically more often than older respondents stated that BiH is going backwards in the European integration process.

Q2. To what extent you support or not support the accession of BiH to EU?

- Total and Entities, comparison of 2009 and 2011 -

N(2009)=1050
N(2011)=1500,
Responses "Do not know and does not want to answer were excluded from the analysis"

The chart shows the average ratings of the respondents who evaluated the extent to which they support the accession of BiH to EU. Ratings are given on the 4-point scale where 1 means "strongly opposing" and 4 means "very supportive". Thus, the higher the average rate, the greater the support of the respondents for accession of BiH to EU.



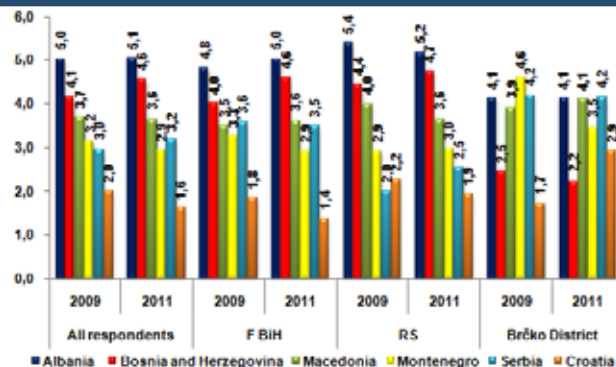
In both surveys it was established that respondents from FBiH significantly more than those from RS support the accession of BiH to EU. In the 2009 survey it was established that Bosniaks and those who live in rural areas are statistically more supportive of the BiH's accession to EU than respondents of other ethnicities and those who live in urban areas. In the 2011 survey it was established that respondents of all ethnicities other than Serb are statistically more supportive of the BiH joining EU. Respondents of Bosniak ethnicity are statistically more supportive of BiH's accession to EU than respondents of Croat ethnicity.

Q3. Croatia, Montenegro, Macedonia and Albania are in the same process of European integrations as BiH.
Please rank them in the manner that first-mentioned country be the one that you consider to be currently leading in the process of accession to EU, while the last-mentioned should be the farthest from meeting its obligations.

-Total and Entities, comparison of 2009 and 2011-

N(2009)=1050
N(2011)=1500,
Responses "Do not know
and does not want to
answer were excluded
from the analysis"

The chart shows the average ratings which respondents assigned to abovementioned countries. According to respondents, the lower rated countries are currently leading in the EU accession process, as opposed to the countries with higher ratings, which are lagging behind in this process.



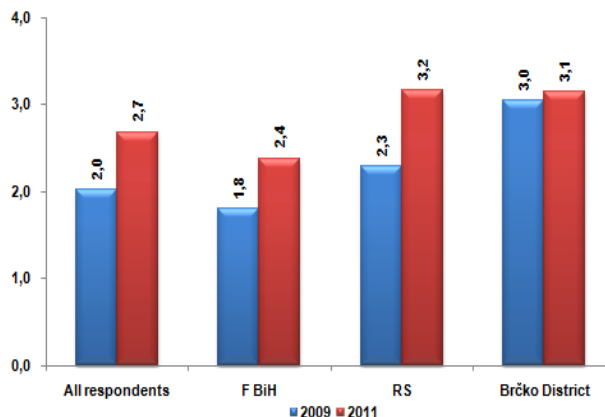
In the survey conducted in 2009, it was established that respondents in the FBiH tend to give lower rating to Croatia (mostly by Bosniaks), Albania (mostly by Croats) and Bosnia and Herzegovina than those in RS. On the other hand, the respondents from RS gave lower ratings to Montenegro (mostly by Serbs), Serbia (Serbs) and Macedonia. In the 2011 survey, the respondents in the FBiH again gave lower ratings to Croatia (mostly by Bosniaks and Croats) and to Albania (mainly by Bosniaks), comparing to respondents in RS, while no statistically significant difference was established in rating of Bosnia and Herzegovina. The respondents in RS gave lower rating to Serbia than respondents from the Federation (mostly by Serbs). The respondents from Brčko District gave significantly lower ratings to BiH and Albania, while giving significantly higher ratings to Croatia, Serbia, Montenegro and Macedonia, comparing to the respondents from the FBiH and RS.

Q4. How would you rate the activities of the government at all levels in BiH in terms of meeting the obligations for accession to EU?

-Total and Entities, comparing 2009 and 2011 -

N(2009)=1050
N(2011)=1500,
Responses "Do not know
and does not want to
answer were excluded
from the analysis"

The chart shows the average ratings by which the respondent expressed their views about the activities of BiH authorities in terms of meeting the obligations for accession to EU. A 4-point scale was used, where 1 means "very negative" and 4 means "very positive". Thus, the higher the average rate, the more positive the view of respondents about the activities of BiH authorities.

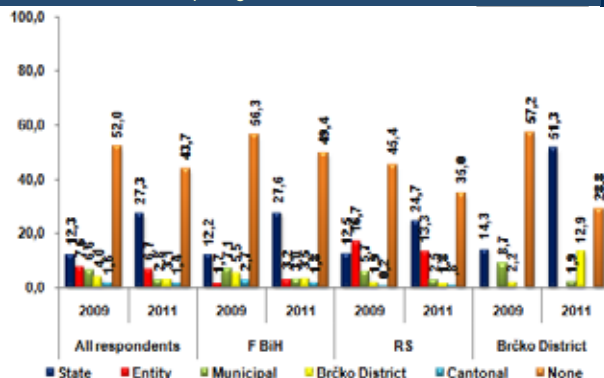


In research conducted in 2011, similarly like in 2009, it was established that respondents who live in Republika Srpska and those of Serb ethnicity evaluated the activities of government at all levels in BiH aimed at meeting the requirements for joining to EU more positively than the respondents from the FBiH and those of Bosniak and Croat ethnicity. In this study, similarly like in the previous one, somewhat more positive rating was given by older respondents (61+) than those of age 18-35.

Q5. Which level of government is best in implementing the requirements for accession of BiH into Eu?

-Total and Entities, comparing 2009 and 2011-

In the 2009 survey it was established that male respondents, those from rural areas and those with university education more than female respondents, those who live in urban areas and those with lower level of education believe that State level government is best at implementing the tasks required for accession to EU. Respondents from RS more often than those from FBiH think that Entity governments are the best at implementing these tasks. This opinion is more often shared by older respondents and those who do not have formal education and employment than younger respondents, those who are employed and educated.

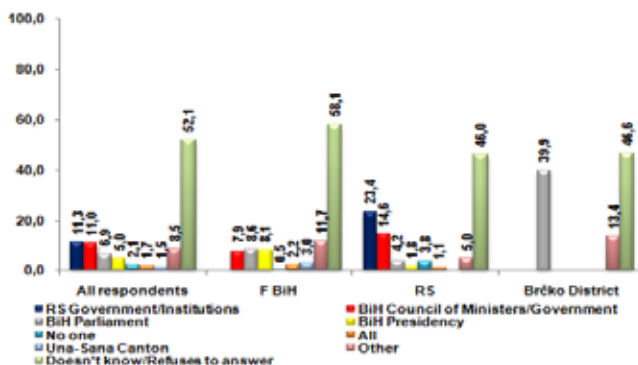


Survey in 2011 confirmed the results from previous survey according to which the respondents from RS statistically more often than those from FBiH believed that Entity governments are the best in meeting the requirements of BiH for joining the EU. Also, respondents from FBiH, male respondents and those under the age of 60 significantly more often than those from RS and Brčko District, female and older respondents stated that none of the government levels is good at meeting the requirements for joining the EU. Respondents from Brčko District deem that State level government and government of Brčko District are the best at implementing these requirements. Respondents with MA or PhD degree significantly more often stated that cantonal governments are the most successful in this respect when compared to the respondents with lower level of education. Respondents of Serb ethnicity significantly more often than respondents of other ethnicities stated that entity governments are the most successful, while respondents of Croat ethnicity very rarely mentioned State level government as successful in this respect and more often stated that none of them are successful.

Q6. Which institution of the mentioned level of government in your opinion works in the best interest of accession of BiH to EU?

-Total and Entities, 2009 -

N=140, only respondents who stated that state, entity, cantonal governments and government of Brčko District are the best in implementing the requirements for accession of BiH to EU.

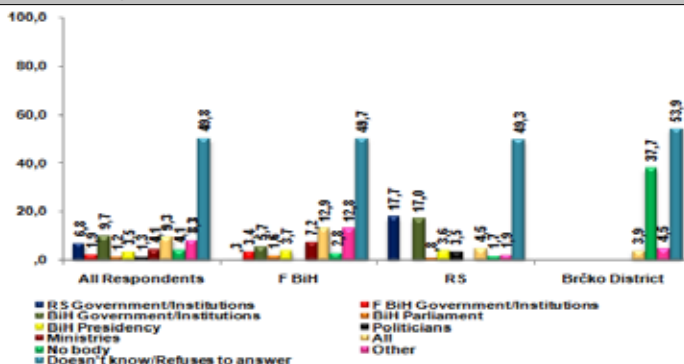


In the 2009 survey statistically significant differences were established between respondents from urban and rural areas. Respondents from urban areas more often than those from rural areas believe that government/institutions of RS are best at bringing BiH closer to EU. This opinion is also more present among the respondents of Serb ethnicity.

Q6. Which institution of the mentioned level of government in your opinion works in the best interest of accession of BiH to EU?

-Total and Entities, 2011 -

N=580, only respondents who stated that state, entity, cantonal governments and government of Brčko District are the best in implementing the requirements for accession of BiH to EU.

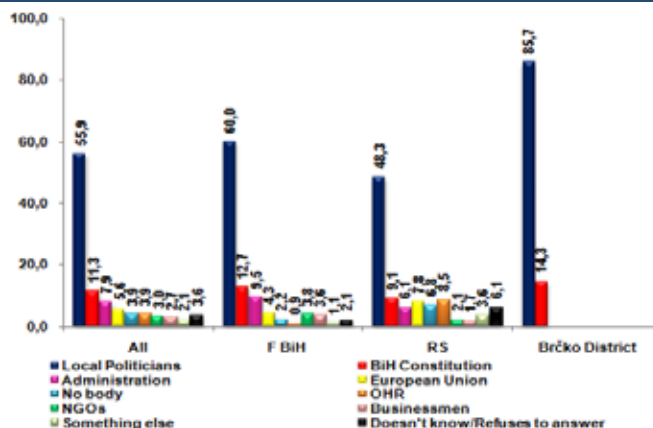


In the 2011 survey it was established that respondents from RS significantly more often than respondents from FBiH stated that RS Government, i.e. RS Council of ministers and BiH government and BiH Council of Ministers work in the best interest of bringing BiH closer to EU. Respondents from FBiH significantly more often than respondents from RS used answers "All" and "Others". Male respondents more often than female respondents used answer "All". Respondents from urban areas more often used answer "No body", while respondents from rural areas more often used answer "All". Respondents of Serb ethnicity more often mentioned RS Government/institutions and BiH Government/institutions than respondents of Bosniak ethnicity. Respondents of Croat ethnicity more often mentioned the Government/institutions of the Federation when compared to respondents of Serb ethnicity.

Q7. What do you consider to be the greatest obstacle to implementation of obligations of Bosnia and Herzegovina for accession to EU?

- Total and Entities, 2009 -

N(2009)=1050
N(2011)=1500



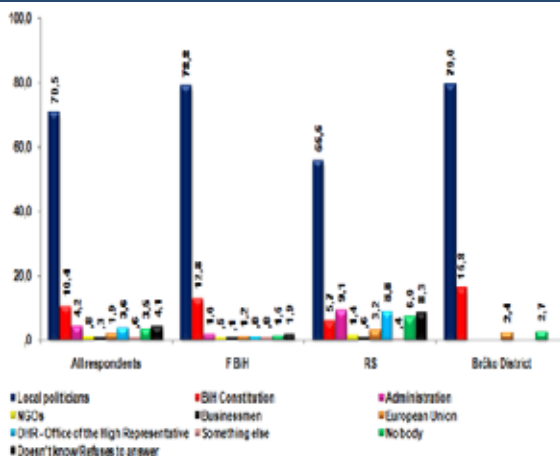
The 2009 survey showed that respondents from Brčko District significantly more often than respondents from RS and FBiH stated that greatest obstacle to implementation of obligations of BiH for accession to EU are local politicians. This opinion is most shared among the respondents of Bosniak ethnicity and respondents from rural areas. Analyses have shown also that respondents with higher level of education more rarely used answer "local politicians" than respondents with lower level of education.

Q7. What do you currently consider to be the greatest obstacle to implementation of obligations of Bosnia and Herzegovina for accession to EU?

- Total and Entities, 2011 -

N(2009)=1050
N(2011)=1500

Analysis of results of the 2011 survey established that the respondents from FBiH and Brčko District statistically more often than respondents from RS mentioned local politicians and the BiH Constitution as being the major obstacle to implementation of obligations for accession to EU. Respondents from RS significantly more often than respondents from FBiH mentioned administration, OHR and the EU itself as being the major obstacles. Male respondents more often than female respondents mentioned EU as being the obstacle. Respondents from urban areas and those who are employed more often than those from rural areas and those who are unemployed mentioned OHR as major obstacle to BiH's accession to EU.



Respondents who have not completed primary school more rarely than educated respondents mentioned the Constitution of BiH as being the major obstacle to accession of BiH into the EU. Respondents of Bosnia and Croat ethnicity more often than respondents of Serb ethnicity consider local politicians and the BiH Constitution the major obstacle. For respondents of Serb ethnicity, more than for respondents of other ethnicities, the major obstacles are EU and OHR.

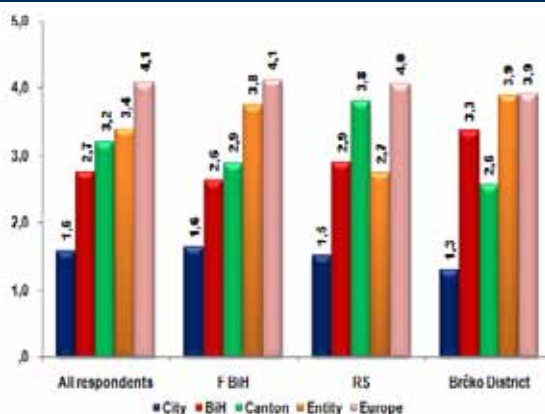
Q8. Please rank the following: your city, canton, entity, BiH and Europe by importance. Please put on the first place what you consider the most important!

-Total and Entities, 2011-

N(2009)=1050
N(2011)=1500

Note: the higher the rank the least the importance and vice versa!

Respondents from FBiH ascribe a significantly higher rating to the city and entity, considering them less important when compared to the respondents from RS. Respondents from RS ascribe a significantly lower rating to the Entity, while a significantly higher rating they ascribe to canton. To male respondents the city is less important than to female respondents. Respondents under the age of 60 consider entities less important than older respondents. For respondents over the age of 60 Europe is less important than for younger respondents.

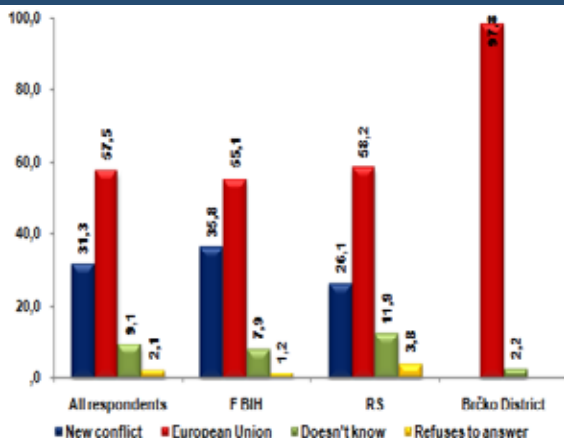


To respondents with MA and PhD degrees, the city seems to be less important than to the respondents with lower level of education. For respondents of Serb and Croat ethnicity, Bosnia and Herzegovina is less important than for the respondents of Bosniak ethnicity and those who declare themselves as "Others". Entity is less important to respondents of Bosnia and Croat ethnicity than to respondents of Serb ethnicity. Respondents of Serb ethnicity significantly less importance ascribe to cantons than respondents of other ethnicities, while respondents of Bosniak ethnicity significantly less importance ascribe to the city.

Q9. In your opinion, is BiH closer to a new conflict or to the European Union? -Total and Entities, 2011-

N(2009)=1050
N(2011)=1500

Statistically, the respondents from FBiH significantly more often than those from RS stated that BiH is currently closer to a new conflict than to the EU. Respondents from RS more often than those from FBiH stated that they did not know or did not want to answer to this question. Respondents from Brčko District significantly more often than those from RS and FBiH stated that they believe that BiH is currently closer to EU. Respondents of the age of up to 60 significantly more often than older respondents stated that they believe that BiH is currently closer to a new conflict. Respondent over the age of 60, more than younger respondents believe that BiH is currently closer to EU than to a new conflict.



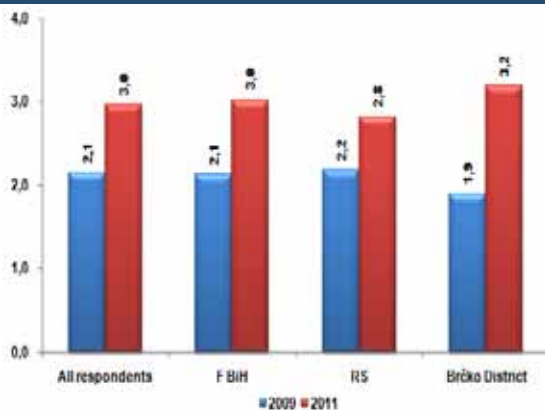
Statistically, employed respondents significantly more often than the unemployed ones stated that BiH is currently closer to a new conflict than to EU. Respondents of Serb and Croat ethnicity, as well as those who declare themselves as "others" significantly more often than those of Bosniak ethnicity consider that BiH is currently closer to EU than to a new conflict.

Q10. To what extent do you believe that achieving of the EU standards will improve the economic situation in BiH?

-Total and Entities, comparing 2009 and 2011-

N=1500,
Responses "Do not know and does not want to answer were excluded from the analysis"

The chart shows average ratings by which the respondents expressed to what extent they believe that meeting of the EU standards will improve the economic situation in BiH. A 4-point scale was used, where 1 means "I do not believe it at all" while 4 means "I completely believe it". In other words, the higher the average rate, the more convinced are the respondents that meeting of the EU standards would improve the economic situation in BiH.



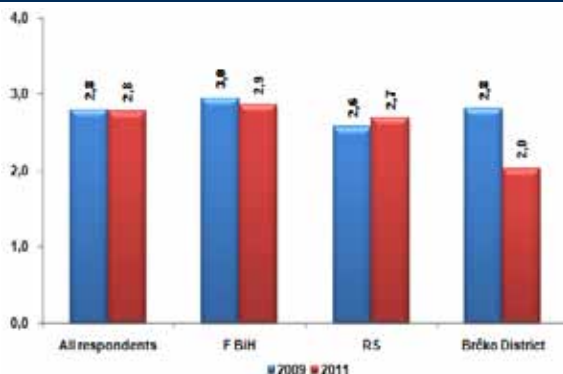
The 2009 survey showed that respondents from urban areas as well as those of Croat ethnicity more believe than respondents from rural areas and those of Serb and Bosniak ethnicity that meeting of the EU standards will improve the economic situation in BiH. Results of the 2011 survey showed that respondents from FBiH and Brčko District more believe than respondents from RS that EU standards will improve economic situation in BiH. Also, the recent research showed that Bosniak respondents are more convinced than Serb respondents that the EU standards will lead to positive changes.

Q11. In your opinion, how capable are our businessmen to compete with the foreign companies once BiH joins the EU?

-Total and Entities, comparison of 2009 and 2011-

N=1500,
Responses "Do not know and does not want to answer were excluded from the analysis"

The chart shows average ratings by which the respondents evaluated the ability of our businessmen to compete the foreign companies once BiH joins the EU. A 4-point scale was used, where 1 means "they are not capably at all" and 4 means "they are fully capable". In other words, the higher the average rating, the more convinced are the respondents about the ability of businessmen to compete with foreign companies when BiH joins the EU.



In 2009 the respondents from RS and those of Serb ethnicity were more convinced than those from the FBiH and those of Bosniak and Croat ethnicity that our businessmen are capable of competing with foreign companies once BiH joins the EU. Also, in 2009 the respondents of lower level of education tended to be more convinced of this than those respondents who are more educated. In 2011 the respondents from FBiH were more convinced of the ability of our businessmen than the respondents from RS. Also, the survey in 2011 also showed that statistically, the Bosniak respondents were significantly more convinced of this than Croat respondents.

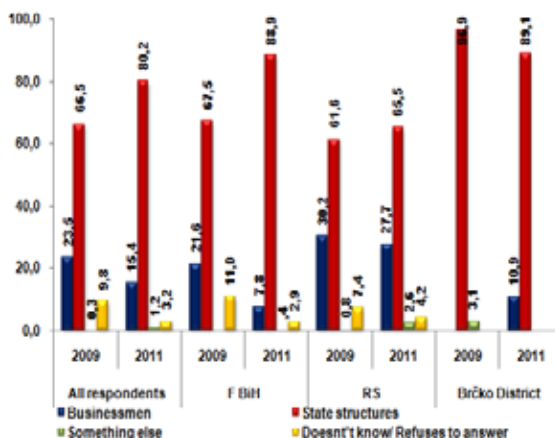
Q12. Is the problem about the businessmen or state structures?

-Total and Entities, comparison of 2009 and 2011 -

N(2009)=371, N(2011)= 448, only respondents who stated that our businessmen are not capable of competing with foreign companies once BiH joins the EU.

The 2009 survey showed that younger and employed respondents more often believed that the problem is about the businessmen than older (61+) and employed respondents, who more often believed that the problem is about the state structures.

The 2011 survey showed that respondents from FBiH and BD statistically more often consider State structures to be the problem than the respondents from RS. Respondents from RS significantly more often consider businessmen to be the problem. To respondents of Bosniak and Croat ethnicity, more than to those of Serb ethnicity, believe that the problem is about State structures.

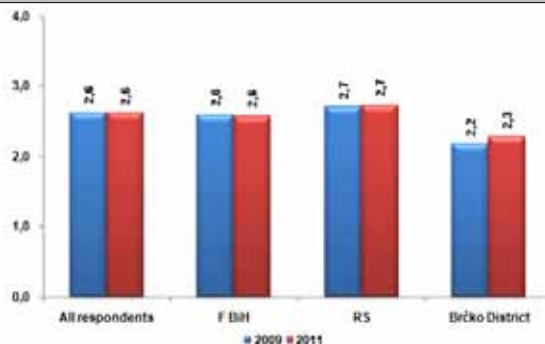


Q13. To what extent are in your opinion civil servants trained and familiar with the requirements imposed on BiH in the EU accession process?

-Total and Entities, comparison of 2009 and 2011-

N(2009)=1050, N(2011)=1500, Responses "Do not know and does not want to answer were excluded from the analysis"

The chart shows average ratings by which the respondents evaluated the level of training and familiarity of civil servants with the requirements imposed on BiH in the EU accession process. A 4-point scale was used, where 1 means "neither trained nor familiar at all" and 4 means "they are fully trained and familiar". In other words, the higher the average rating, the more convinced are the respondents about the training and familiarity of civil servants with the aforementioned requirements.



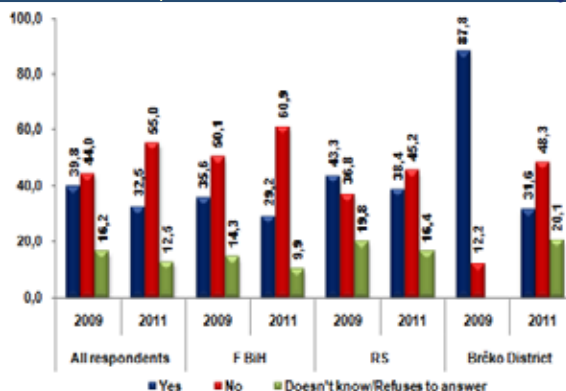
The 2009 survey showed that Croat respondents, more often than Serb respondents, think that civil servants are trained and familiar with aforementioned requirements. The same applies to respondents over the age 61, when compared to those of the age 18 to 35. These results were confirmed in the 2011 survey. Survey in 2011 also established that respondents from RS, significantly more than those from FBiH believe that civil servants are trained about and familiar with requirements imposed on BiH in the EU accession process. This is significantly more true for Bosniak and Serb respondents than to those of Croat ethnicity.

Q14. Do you think that civil servants have willingness and desire to work in the interest of citizens and BiH's faster accession to EU?

-Total and Entities, comparison 2009 and 2011-

N(2009)=1050
N(2011)=1500

The 2009 survey showed that respondents from BD are most convinced that civil servants have willingness and desire to work in the interest of citizens and faster accession of BiH to the EU. Also, the respondents from urban areas, more often than those from rural areas think so. The analysis have shown that Serb respondents more than Bosniak ones share this opinion.



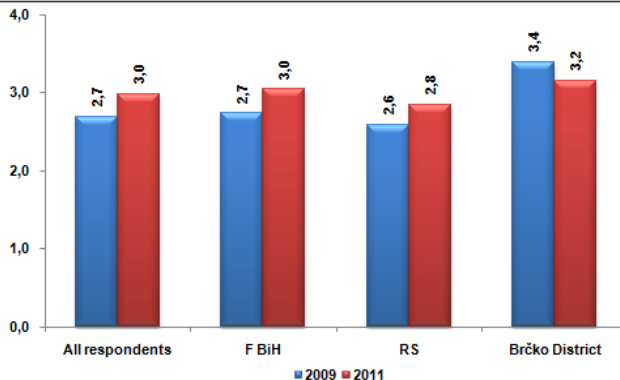
2011 survey have shown that statistically RS respondents, more often than FBiH respondents, answered to this question. In other words, they more often believe that civil servants have willingness and desire to work in the interest of BiH and its citizens on the path to EU. FBiH respondents more often answered this question with "no". Respondents over the age 60, more often than younger respondents, answered that civil servants have neither willingness nor desire to work in the interest of BiH and its citizens. Serb respondents, significantly more often than other ethnicities, believe that they work in the interest of the state and its citizens, while Croat respondents, significantly less than other ethnicities answered to this questions with "yes".

Q15. Generally speaking, how would you evaluate the work of NGOs?

-Total and Entities, comparison of 2009 and 2011-

N(2009)=1050, N(2011)=1500, Responses "Do not know and does not want to answer were excluded from the analysis"

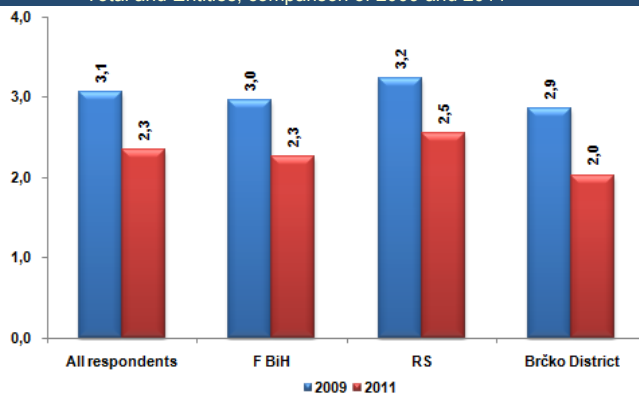
The chart shows average ratings by which the respondents evaluated the work of NGOs. A 4-point scale was used, where 1 means "very negative" and 4 means "very positive". In other words, the higher the average rating, the more positive the view of the work of NGOs.



In 2009 survey, the respondents from Brčko District and those of Bosniak ethnicity had significantly more positive opinion about work of NGOs, comparing to the respondent from FBiH and RS and those of Serb and Croat ethnicity. Similar results were obtained in the 2011 survey, where the respondents from FBiH happen to have significantly more positive opinion about the work of NGO sector than respondents from RS.

Q16. How active are NGOs in informing the citizens about the EU integration process?

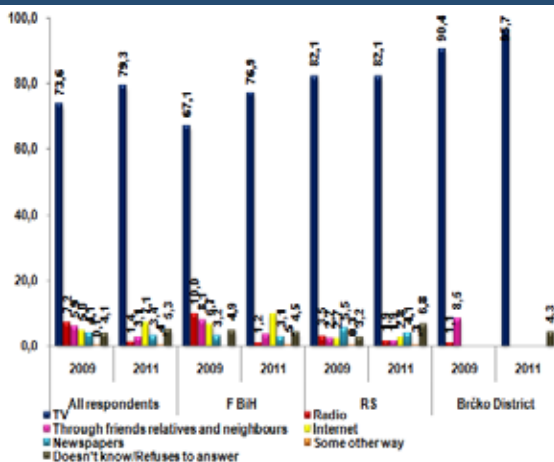
-Total and Entities, comparison of 2009 and 2011-

N(2009)=1050
N(2011)=1500

2009 survey showed that female respondents and those with secondary school education, more often than male respondents and those with university degree believe that NGOs are somewhat active in informing the public about the EU integration process. According to the results of 2011 survey, statistically, the respondents from RS, significantly more often than those from FBiH and BD mentioned that NGOs are active in this respect. Also, the respondents without primary school qualifications and those of Serb ethnicity significantly more express this view than respondents of other ethnicities and more educated respondents.

Q17. How do you usually learn about the EU integration process? -Total and Entities, comparison of 2009 and 2011-

2009 survey showed that respondents from RS, more than respondents from FBiH use TV as a source of information about EU integration process. In 2009, TV was the main source of information for the respondents in rural areas, those older than 36, the unemployed and those of Serb ethnicity, much more often than for respondents from urban areas, under the age of 36, the employed and those of Bosniak and Croat ethnicity. In 2001 it was established that respondents from BD, significantly more than those from FBiH use TV as the main source of information about the EU integration process, while respondents from FBiH significantly more often than those from RS learn about the process via Internet and friends. Respondents from urban areas, more often use the Internet for this purpose, while those from rural areas more often use TV. Respondents over the age 35 more often use TV, while younger respondents more often use Internet. The employed more often than unemployed use print media and the Internet.

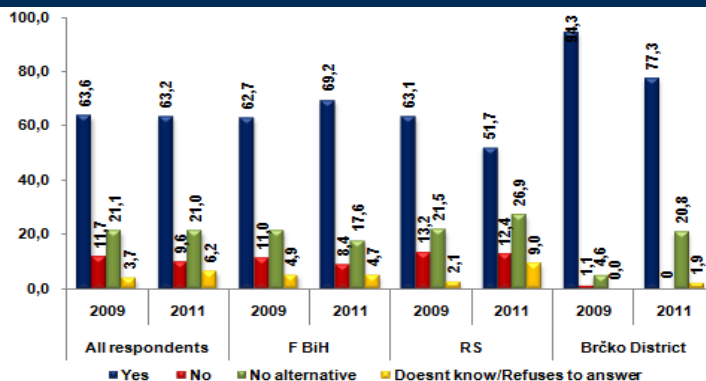


Respondents with secondary school and university qualifications use Internet more often than those with lower level of education. Bosniak and Croat respondents use Internet more often than those of Serb ethnicity.

N(2009)=1050
N(2011)=1500

Q18. Finally, taking into consideration pros and cons and the time needed, do you think that future of BiH is in EU? Total and Entities, comparison of 2009 and 2011-

N(2009)=1050
N(2011)=1500



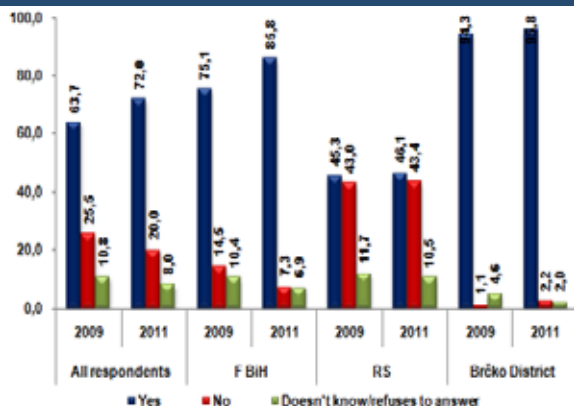
2009 survey showed that respondents from BD and those who are unemployed more often than others believe that future of BiH is in EU. Similar results were obtained in 2011, where respondents from FBiH and BD and the unemployed more often than RS respondents and employed ones stated that the future of BiH is in EU. Respondents from rural areas more often share this view than those from urban areas, who more often disagree with this view. Serb respondents significantly less than other ethnicities agree with this statement. Male respondents and those over the age 36 more often state that the future of BiH is not in EU, when compared to female and older respondents.

Q19. Would you support entry of BiH into EU if that would require that certain competences be transferred from entity to the State level?

-Total and Entities, comparison of 2009 and 2011-

N(2009)=1050
N(2011)=1500

2009 survey showed that RS respondents were the least supportive of the BiH entry into EU under the condition of transferring certain competencies from entity to the state level. In addition to this, Bosniak respondents prove to be more supportive of this than other ethnicities.

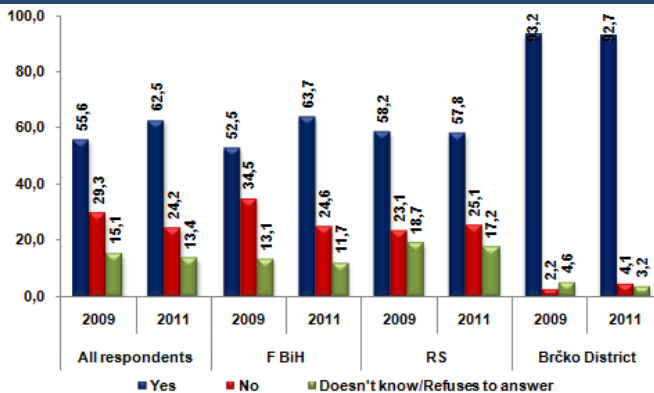


In 2011 survey, statistically, respondents from FBiH and BD significantly more than RS respondents, support joining of EU under condition of transfer of certain competencies from entity to the state level. Respondents from RS significantly more often than other respondents provided negative answer to this question. Bosniak respondents are more supportive of this idea than other ethnicities. Also, respondents of all other ethnicities are more supportive of this idea than respondents of Serb ethnicity.

Q20. Do you think that citizens of EU Member States want to see BiH in EU in the future?

-Total and Entities, comparison of 2009 and 2011-

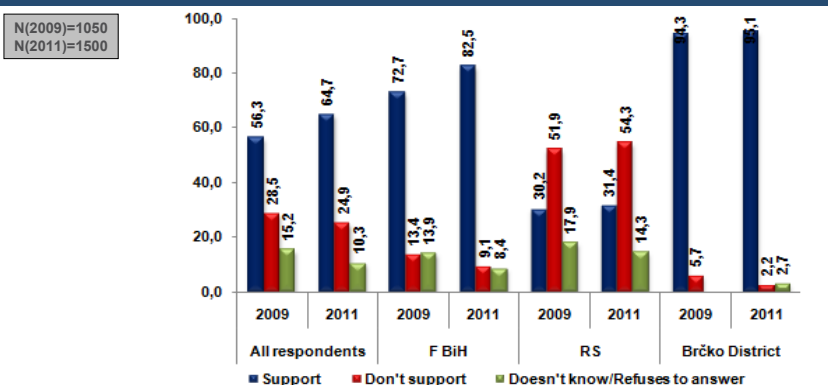
N(2009)=1050
N(2011)=1500



2009 survey showed that respondents from BD and those from rural areas are most convinced that citizens of EU Member States want to see BiH in EU in the future. These findings were confirmed in the 2011 survey, which also established that respondents of age up to 35 significantly more often than older respondents believe that citizens of EU Member States do not want BiH to be a member of EU. Bosniak respondents, more often than other ethnicities, provide affirmative answer to this question.

Q21. What is your view of the membership of BiH in NATO?

-Total and Entities, comparison of 2009 and 2011-



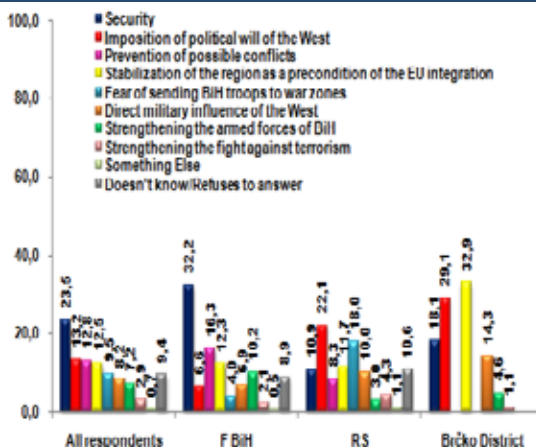
2009 survey showed that respondents from RS are the least supportive of the BiH membership in NATO, while respondents from rural areas, younger respondents and those of Bosniak ethnicity, more often than those from urban areas, older respondents and those of other ethnicities support the BiH membership in NATO. Results of 2011 survey show that respondents from FBiH and BD are significantly more supportive of BiH membership in NATO than those from RS, as well as more educated respondents as opposed to those who have not completed primary school. Respondents of Serb ethnicity, employed and those from urban areas are significantly less supportive of the NATO membership than respondents of other ethnicities, unemployed and those from rural areas.

Q22. What does BiH membership in NATO primarily mean to you?

-Total and Entities, 2009-

N=1050

2009 survey showed that to respondents who live in FBiH and those of Bosniak ethnicity NATO membership primarily means security more often than to those who live in RS and those of Serb ethnicity. In addition to this, "security" is more frequent answer of those from rural areas, than those from urban areas. "Imposition of political will of the West" is the least frequent answer of the respondents from FBiH and those of Bosniak ethnicity. For respondents in BD NATO membership means primarily stability of region as a precondition for integration of BiH into EU.

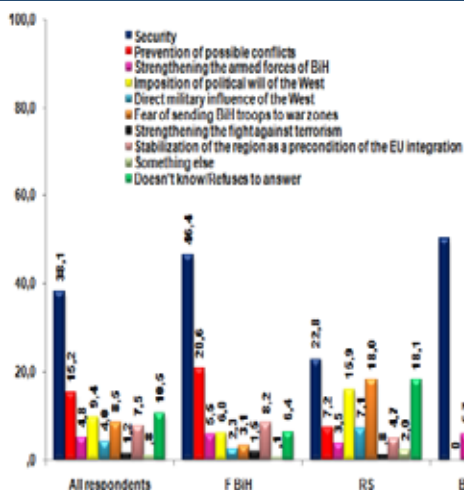


Q22. What does BiH membership in NATO primarily mean to you?

-Total and Entities, 2011-

N=1500

Respondents from FBiH, more often than those from RS stated that NATO membership primarily means security and prevention of possible conflicts. Respondents from RS significantly more often than those from FBiH stated that NATO membership means imposition of political will of the West, a direct military influence of the West and fear from sending the BiH troops into war zones. Female respondents, more than male, mentioned the fear from sending of BiH soldiers to war zones. Respondents from rural areas, more than those from urban areas mentioned security and stronger combat against of terrorism. Respondents over the age of 60, more than younger ones, mentioned stabilization of region as a precondition for EU integration. Bosniak and Croat respondents, more often than Serb respondents, mentioned security and prevention of possible conflicts. Serb respondents, more often than Croat and Bosniak mentioned imposition of political will of the West, direct military influence of the West and fear from sending BiH troops into war zones. Croats more often than Bosniak mentioned stronger combat against terrorism, and more often than Serbs mentioned stabilization of the region as a precondition for EU integration.





This independent study has been prepared by the Foreign Policy Initiative BH with the financial support of Sida. The views expressed here are those of the Foreign Policy Initiative BH and are not to be understood as in any way reflecting the views of Sida.