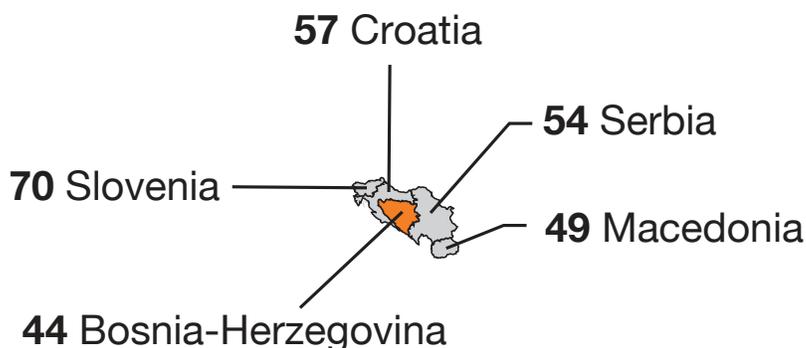
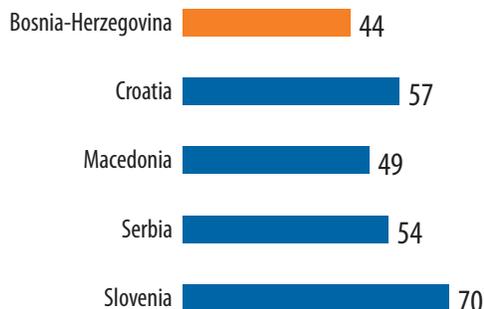




**Overall score: 44** (Out of 100) Provides some information to the public in its budget documents during the year.

### How Does Bosnia & Herzegovina Compare to Its Neighbors?



## Key Findings

The scores for 92 questions from the Open Budget Survey (see text box) are used to compile objective scores and rankings of the relative transparency of each country's budget process. These scores constitute the Open Budget Index (OBI).

Bosnia and Herzegovina's OBI 2010 score is 44 out of 100, which is slightly more than the average score (42) for the 94 countries surveyed. Bosnia and Herzegovina's score indicates that the government provides the public with some information on the central government's budget and financial activities assessed by the Survey. This makes it challenging for citizens to hold the government accountable for its management of the public's money.

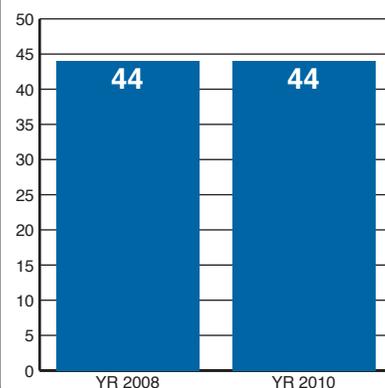
Bosnia and Herzegovina's OBI score stayed stable between 2008 and 2010.

### Information in Public Budget Documents

#### Adequacy & Availability of Eight Key Budget Documents

Document	Level of Information Grade*	Publication Status
Pre-Budget Statement	A	Published
Executive's Budget Proposal	D	Published
Enacted Budget	D	Published
Citizens Budget	E	Not Produced
In-Year Reports	B	Published
Mid-Year Review	E	Not Produced
Year-End Report	C	Published
Audit Report	A	Published

### OBI Scores Over Two Surveys



\* Grades for the comprehensiveness and accessibility of the information provided in each document are calculated from the average scores received on a subset of questions from the Open Budget Survey. An average score between 0-20 (scant information) is graded as E; 21-40 (minimal) is graded as D; 41-60 (some) is graded as C; 61-80 (significant) is graded as B; and 81-100 (extensive) is graded as A.

An **Executive's Budget Proposal** is the government's most important policy instrument. It presents the ways the government plans to raise revenues and where these funds are allocated, thus transforming policy goals into action. Bosnia and Herzegovina publishes an Executive's Budget Proposal, but it is far from being comprehensive. Major gaps in information are found in the following areas:

- The Draft Budget does not provide some information that can help explain the relationship between the government's revenue and expenditure plans and its policy and macroeconomic goals. This information includes the impact of different macroeconomic assumptions (i.e., sensitivity analysis) on the budget and how the proposed budget is linked to government's stated policy goals for a multi-year period. Such information is important if the executive wishes to facilitate a broader debate about planned expenditures.
- In addition, the budget proposal does not present information on certain fiscal activities that can have a major impact on the government's ability to meet its fiscal and policy goals, including information on quasi-fiscal activities, tax expenditures, contingent and future liabilities, and financial and other assets. Without this information, the public does not know the government's true fiscal position.

A **Pre-Budget Statement** sets forth the broad parameters that will define the government's forthcoming budget. Bosnia and Herzegovina publishes a comprehensive Pre-Budget Statement.

An **Enacted Budget** becomes a country's law and provides the baseline information for all budget analyses conducted during the budget year. In general terms, the Enacted Budget should provide data the public can use to assess the government's stated policy priorities and hold it to account. Bosnia and Herzegovina publishes an Enacted Budget, but it is far from being comprehensive as it only includes departmental totals. It is encouraging to note that Bosnia and Herzegovina has recently introduced changes in its budget legislation that constitute positive steps toward greater budget transparency in its public financial management reforms.

A **Citizens Budget** is a nontechnical presentation of a government's budget that is intended to enable the public — including those who are not familiar with public finance — to understand a government's plans. Bosnia and Herzegovina does not produce a Citizens Budget.

**In-Year Reports** provide a snapshot of the budget's effects during the budget year. They allow for comparisons with the Enacted Budget figures and thus can facilitate adjustments. Bosnia and Herzegovina publishes fairly comprehensive In-Year Reports, but they do not, for example, include information on actual borrowing.

A **Mid-Year Review** provides a comprehensive overview of the budget's effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies. Information in this report allows the government, legislature, and the public to identify whether or not adjustments related to revenues, expenditures, or borrowing should

## OPEN BUDGET SURVEY 2010

### Bosnia & Herzegovina

The International Budget Partnership's Open Budget Survey assesses the availability in each country assessed of eight key budget documents, as well as the comprehensiveness of the data contained in these documents. The Survey also examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAI), as well as the opportunities available to the public to participate in national budget decision-making processes.

Research to complete this country's Open Budget Survey was undertaken by:

Omer Car and Faruk Hujic  
INNOVA Management  
Consulting  
Mehmeda Spahe 26/2, 71000  
Sarajevo  
+387(0)61 571 713  
omer.car@innova.ba

be made for the remainder of the budget year. Bosnia and Herzegovina does not produce a Mid-Year Review.

A **Year-End Report** compares the actual budget execution to the Enacted Budget. A Year-End Report can inform policymakers on tax policies, debt requirements, and major expenditure priorities, facilitating adjustments for upcoming budget years. Bosnia and Herzegovina publishes a Year-End Report (Report on Execution of the 2008 Budget of BiH Institutions and International Obligations), but it is not sufficiently comprehensive. It does not, for example, explain the difference between the original macroeconomic forecast for the fiscal year and the actual outcome for that year. Similarly, it does not explain the difference between the original estimates of nonfinancial data and the original performance indicators and the actual outcomes.

An **Audit Report** is an evaluation of the government's accounts by the country's supreme audit institution (SAI). It reports whether the government has raised revenues and spent national revenue in line with the authorized budget, whether the government's bookkeeping is balanced and accurate, and whether there were problems in the management of public funds. Bosnia and Herzegovina publishes a comprehensive Audit Report.

### *Public Participation and Institutions of Accountability*

Beyond improving the availability and comprehensiveness of key budget documents, there are other ways in which Bosnia and Herzegovina's budget process can be made more open. These include ensuring the existence of a strong legislature that provides effective budget oversight, as well as providing greater opportunities for public engagement in the budget process. Though the public is allowed to attend legislative hearings at which the executive testifies on its proposed budget, the legislature has not yet decided to conduct discussions on the proposed budget at which the public could testify.

#### **Are oversight bodies effective in their budget role?**

Oversight Institution	Strength**
Legislature	Weak
SAI	Strong

\*\* Legislature and SAI strengths are calculated from the average scores received for a subset of questions from the Open Budget Survey. An average score between 0-33 is graded as weak, 34-66 as moderate, and 67-100 as strong.

According to the Open Budget Survey, budget oversight provided by Bosnia and Herzegovina's legislature is weak because it does not:

1. have full powers to approve any changes made to the budget over the course of the fiscal year; and
2. hold open budget discussions at which the public can testify.

According to the Open Budget Survey, budget oversight provided by Bosnia and Herzegovina's SAI is strong.

## Recommendations

### **Bosnia and Herzegovina should:**

- increase the comprehensiveness of the Executive's Budget Proposal, Enacted Budget, and Year-End Report;
- produce and publish a Citizens Budget and Mid-Year Review;
- provide opportunities for the public to testify at legislative hearings on the budget; and
- increase the powers of the legislature to provide more comprehensive oversight of the execution of the budget.