



Key findings of the 2021 Report on Bosnia and Herzegovina

Strasbourg, 19 October 2021

The fundamentals of the accession process

Regarding the **political criteria**, legislative and executive authorities had a low output due to political polarisation and the disruption caused by pandemic. The Federation entity government is still acting in a caretaker role. Bosnia and Herzegovina's Constitution remains in breach of the European Convention on Human Rights (ECHR), following the Sejdić-Finci and related cases. An inter-agency working group, is expected to discuss electoral and constitutional reforms, was established in May 2021. Municipal elections were held in Mostar in December 2020, for the first time since 2008. The Stabilisation and Association Parliamentary Committee met and adopted its rules of procedures in June 2021, following a five-year stalemate. Inclusive process of electoral reform, through genuine dialogue and in line with European standards that would eliminate all forms of inequality and discrimination in the electoral process, is paramount. No progress was made in improving the electoral framework in line with European standards and ensuring transparency of political party financing. Bosnia and Herzegovina has yet to address the recommendations by the Office for Democratic Institutions and Human Rights of the Organisation for Security and Cooperation in Europe (OSCE/ODIHR), the Venice Commission and the Council of Europe's Group of States against Corruption (GRECO). A number of Constitutional Court decisions have yet to be fully enforced. The development of a national programme for the adoption of the EU acquis is still pending. Limited progress was made in ensuring an enabling environment for civil society.

Bosnia and Herzegovina is at an early stage of preparation with **public administration reform** (PAR); some progress was made by adopting the action plan on public administration reform as well as strategies on public financial management at all levels of government. The country needs to ensure a professional and depoliticised civil service and a coordinated countrywide approach to policy-making.

Bosnia and Herzegovina is at an early stage/has some level of preparation as regards its **judiciary**. No progress was made in this area over the reporting period. The authorities have taken limited action to address the findings of the Expert Report on Rule of Law issues ('Priebe report'). Integrity amendments are due to enter in parliamentary procedure; their adoption is key to establish a credible and rigorous system of verification of financial statements of judicial office holders. Persistent and evident signs of deterioration continue to require urgent measures to strengthen the integrity of and regain citizens' trust in the judiciary. Lack of commitment to judicial reform from political actors, and the poor functioning of the judicial system continued to undermine the citizens' enjoyment of rights and the fight against corruption and organised crime.

Bosnia and Herzegovina is at an early stage/has some level of preparation in the prevention and **fight against corruption and organised crime**. No progress was made in this area over the reporting period; urgent action is required to adopt the pending legislation on public procurement and conflict of interest. During the pandemic, the negative effects of widespread corruption and signs of political capture continued to manifest strongly during the pandemic, directly affecting the wellbeing of citizens. The selective and non-transparent prosecution and judicial follow-up of corruption cases is a cause of concern. There are systemic shortcomings in the operational cooperation among law enforcement agencies and a very limited exchange of intelligence. The police are vulnerable to political interference. Financial investigations and asset seizures are largely ineffective. Although some preparatory steps were taken, the contact point for cooperation with Europol is not yet operational. Bosnia and Herzegovina has not taken any steps to establish cooperation with Eurojust. The country needs to continue its efforts in the fight against terrorism and drug trafficking and increase its capacity to do so.

As regards **fundamental rights**, while the legislative and institutional framework is largely in place, Bosnia and Herzegovina has yet to adopt a comprehensive strategic framework. Significant reforms are needed to ensure that all citizens are able to exercise their political rights and to ensure non-discriminatory, inclusive and quality education for all, including by overcoming the practice of 'two schools under one roof'. No progress was made on guaranteeing freedom of expression and of the

media, on protecting journalists against threats and violence by ensuring an appropriate judicial follow-up, nor on ensuring the financial sustainability of the public broadcasting system. Challenges persist as regards the freedom of assembly, particularly in the *Republika Srpska* entity, where activists have been subjected to intimidation and judicial prosecution.

The failure of the authorities to establish a sustainable **migration** and asylum system led to a humanitarian crisis in December 2020. Following extensive EU engagement and support, a temporary tent camp was established in Lipa to provide shelter to all persons in need. A permanent multi-purpose reception centre is being built in Lipa in the course of 2021. Bosnia and Herzegovina has stepped up efforts to improve migration management; it needs to ensure effective coordination, at all levels, of border management and migration management capacity, as well as the functioning of the asylum system. This requires a fair distribution of responsibilities among all entities and cantons, including in the hosting of reception centres.

As regards the **economic criteria**, Bosnia and Herzegovina has made limited progress and is at an early stage of establishing a functioning market economy. The country took measures to counter the negative effects of the COVID-19 pandemic on the economy and the labour market. The Central Bank undertook significant measures to improve its analytical capacities. Some steps were taken to strengthen the financial sector's shock resilience. However, there have been no significant measures to improve the functioning of the product markets. Cooperation and coordination among the country's stakeholders has further deteriorated. Resistance from the *Republika Srpska* entity against EU *acquis*-related country-wide reforms has further slowed down the country's compliance with the EU accession criteria. As a result, the country's institutional set-up as well as its internal market remains fragmented. No improvement has been reached with respect to the rule of law and the functioning of country-wide supervisory and regulatory institutions. This continues to impede the country's business environment. The quality of public spending has not improved, while the public sector has remained inefficient and oversized.

Bosnia and Herzegovina has made limited progress, and remains at an early stage in terms of capacity to cope with competitive pressure and market forces in the EU. The overall quality level of education has remained low, while measures to improve the transport and energy infrastructure have remained insufficient. The extent of structural adjustment has been limited.

Bosnia and Herzegovina is overall at an early stage/has some level of preparation regarding its level of preparedness and ability to take on the **obligations of EU membership** and needs to significantly step up the alignment with the EU *acquis* and implement and enforce the relevant legislation. Limited to no progress was made on the different EU *acquis* chapters during the reporting period.

Bosnia and Herzegovina has been backsliding in the area of **public procurement**, where it applied preferential treatment for domestic bidders in awarding public contracts during most of the reporting period; amendments to the public procurement law are awaiting parliamentary adoption. Limited progress was made on **statistics**, as preparation for the next population and housing census has hardly progressed. Some progress was made on public internal **financial control**, with both entities adopting strategies.

Major steps are required to align the legislative framework with the EU *acquis* on the **internal market** (free movement of goods, services and capital, competition policy, and financial services). Bosnia and Herzegovina made some progress only on competition policy, further aligning the law on State aid with the EU *acquis*, and in financial services. This cluster is key for Bosnia and Herzegovina's preparations for the requirements of the EU's internal market and is highly relevant for early integration and the development of the Common Regional Market.

Bosnia and Herzegovina made limited or no progress in most areas of **competitiveness and inclusive growth** (information society and media, taxation, economic and monetary policy, enterprise and industrial policy, education and culture, and the customs union), where it is at an early stage or has some level of preparation. These areas have significant links to the country's Economic Reform Programme. Socio-economic reforms must be pursued to help address the existing structural weaknesses, low competitiveness, high unemployment, as well as the impact of the pandemic, which has further increased their urgency. Some progress was made with the adoption of policies on inclusive education, vocational education and training, and entrepreneurial learning.

Bosnia and Herzegovina made some or limited progress in most areas related to the **Green Agenda and sustainable connectivity**, (trans-European networks, energy, and environment and climate change), where it is at an early stage or has some level of preparation. The country needs to significantly step up its ambitions towards a green transition, and align its laws on gas and electricity with the EU *acquis*. The green transition and sustainable connectivity are key to economic integration within the region and with the EU, facilitating cross-border trade within the region and creating real

benefits for businesses and citizens. This cluster and the reforms concerned have significant links to the Economic Reform Programme, the Economic and Investment Plan and the Green Agenda for the Western Balkans.

Bosnia and Herzegovina made no progress in the areas linked **to resources, agriculture and cohesion** (agriculture and rural development, food safety, veterinary and phytosanitary policy, fisheries, and financial and budgetary provisions), where preparation is mostly at an early stage.

Bosnia and Herzegovina has some level of preparation but made no progress as regards **external relations**. The country needs to intensify the efforts to finalise its accession to the World Trade Organization. Bosnia and Herzegovina is strongly encouraged to improve its alignment with the EU foreign policy statements and restrictive measures, which has significantly declined to reach 43% by August 2021, which is worrying. Bosnia and Herzegovina continued to actively participate in **regional cooperation** and maintain good neighbourly relations.

Key dates

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

June 2008: Signature of the Stabilisation and Association Agreement and Interim Agreement on trade and trade-related issues.

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

September 2011: Double-hatting of the Head of EU Delegation as EU Special Representative in Bosnia and Herzegovina, reinforcing EU's role in the country.

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

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

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

February 2018: The European Commission adopts its strategy for 'A credible enlargement perspective for and enhanced EU engagement with the Western Balkans'.

May 2019: The European Commission adopts its Opinion on the membership application of Bosnia and Herzegovina, including 14 key priorities.

December 2019: The EU Council adopts conclusions on the Commission's Opinion, endorsing the 14 key priorities therein as the conditions for Bosnia and Herzegovina to fulfil in order to be recommended for the opening of accession negotiations.

February 2020: Revised methodology, presented by the Commission, to drive forward the enlargement process with a stronger political steer and in a more credible, predictable, dynamic way.

October 2020: Commission proposal to further the EU-Western Balkans agenda with an Economic and Investment Plan for the region.

For More Information

[Bosnia and Herzegovina Report 2021](#)

[Enlargement Package 2021](#)

[Bosnia and Herzegovina Factograph](#)

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