

**EU-RECOMMENDATIONS**  
**EU-Bosnia and Herzegovina (BiH) 4<sup>th</sup> SAA Subcommittee**  
**Economic and Financial Issues and Statistics**  
**Brussels, 19/20 November 2019**

**1. ECONOMIC AND FINANCIAL ISSUES**

1. The Commission appreciates the timely provision of the discussion materials in advance to the meeting, but underlines that there is a scope for presenting the information in a more efficient and succinct way throughout the document. This includes presentation of countrywide aggregated data, in particular in the fiscal part as well as provision of enhanced explanations what have been the driving factors behind presented developments.
2. The Commission underlines the relevance of the Economic and Financial Dialogue of the EU with the enlargement countries for shaping future reforms in line with the economic criteria for EU accession. The Commission encourages BiH to take benefit from this dialogue, including financial and technical assistance in this context. BiH should submit its 6<sup>th</sup> Economic Reform Programme (2020-2022) on time.
3. BiH should implement the 2019 policy guidance of the Joint Dialogue.
4. BiH should ensure consistent political support, high visibility, countrywide ownership and coherence of the ERP. The country should strengthen countrywide coordination capacity on economic policy.
5. The year long political stalemate after the 2018 general elections has had an adverse impact on reform implementation. Key challenges to be addressed include weaknesses in the functioning of the labour market, a poor business environment and inefficient public enterprises.
6. To ensure countrywide ownership and consistent and full political support to socio-economic reforms, implementation of these reforms will need to be coordinated among all authorities.
7. Improve the quality of public finance by enhancing medium term planning, and by addressing spending inefficiencies.
8. Enhance public sector transparency by creating publicly available registers of public enterprises and by providing timely data on public sector employment, public sector payment arrears and para-fiscal charges.
9. The Commission stresses the need of de-politicising and restructuring of public enterprises and ensuring the transparency of the privatisation process.
10. Publish complete and consistent country-wide general government data in a timely manner.

11. Safeguard the independence of the central bank in order to maintain monetary stability.
12. With a view to creating a single economic space, simplify and harmonise business registration, licensing and permit procedures between entities.
13. Address the low quality of education and its insufficient orientation towards the labour market needs.
14. Adopt and implement consistent medium term public investment strategies and focus fiscal policies on investment and education to increase the country's growth potential.
15. BiH should remove unjustified restrictions incompatible with the acquis on free movement of capital, including restrictions related to short term capital transactions and acquisition of real estate

## **2. PUBLIC INTERNAL FINANCIAL CONTROL AND AUDIT (PIFC)**

16. BiH should adopt a new medium term strategic policy paper for PIFC with a specific focus on definition and implementation of managerial accountability that spells out the common vision and coordination structure for implementation of a countrywide PIFC policy approach.
17. Budgetary independence of State Audit institutions should be ensured across all governmental levels
18. The Commission encourages a more timely and systematic implementation of external audit recommendations at state, entity and Brcko District levels.
19. To ensure an effective and efficient protection of EU's financial interests, the Commission recommends that BiH continues to strengthening the cooperation with OLAF on investigative matters, with the aim of building a solid track record of cooperation in the future.

## **3. STATISTICAL COOPERATION**

20. In order to better support policy analysis, BiH should improve the provision of timely and exhaustive statistics in compliance with EU standards, in particular in macroeconomic statistics such as of national accounts, government finance statistics, inflation and labour market
21. Special attention should be paid to improve coordination, cooperation and decision making processes to develop the national statistical system and to increasing the use of administrative data sources and registers for statistical production.
22. The Commission recalls the importance of implementing a full and consistent system of national accounts and to apply ESA 2010 methodology, in particular regarding government finance statistics.
23. BiH should implement a labour force survey on a quarterly basis.

24. BiH should adopt a methodology, responsibilities and budgetary aspects of a future agricultural census. The country should also prepare for the next population census..

25. BiH will need to define its NUTS III regions.