

Bosnia & Herzegovina

2015 Country Summary

Recommendations

Bosnia & Herzegovina's GI ranking in Band C places it in the moderate risk category for corruption in the defence and security sector. The lowest risk is in the area of Personnel, which fell in Band B (low risk of corruption). The government completed a government review of the GI 2015 research, which shows a willingness to open a dialogue with an international NGO on defence corruption issues. To minimise corruption risk, we suggest reforms across the following areas.

Budget Transparency and Oversight

Bosnia and Herzegovina's Ministry of Defence publishes its budget on the official MoD website; however, it lacks sufficient detail regarding sources of defence income and defence spending. While most defence income is ostensibly allocated by the central government, audit reports from previous years suggest that the MoD's record and disposal of its moveable assets is not transparent, thus complicating estimates. According to the latest audit report, the MoD reportedly undervalued its property by more than 7 million KM. While Bosnia's Joint Committee for Defence and Security is formally tasked with scrutinising the budget on an annual basis, there is no evidence from committee reports on the level of detail provided. Furthermore, the Open Budget Partnership in 2015 classified BiH's legislative oversight of general budgets as "limited," a finding that is likely to apply to the defence sector as well.

The MoD has an Internal Audit Unit; however, according to a 2012 report by the Supreme Audit Institution, internal audit in MoD has yet to become fully functional due to persistent staffing shortages. There is though evidence of an effective and independent external audit capability; the Audit Office of the Institution of BiH conducts external audits and has been highly critical of the MOD in recent years—citing irregularities in its expenditure and procurement practices. But unfortunately the MoD appears to have failed to implement audit recommendations.

To increase transparency of Bosnia and Herzegovina's defence budget and enhance effective oversight, we recommend that the government publish an annual defence budget that includes detailed information on expenditure across functions including research & design, training, salaries, acquisitions, disposal of assets, maintenance, and personnel expenditures. It should also include more information on its sources of defence income and the asset disposal process. The government should increase its efforts to improve the capacity of its Internal Audit Unit, ensure that regular reports be provided to Parliament,

and increase incentives (or penalties) to encourage the MOD to implement external audit recommendations.

Appointments and Promotions

The Law on Service in the Armed Forces of BiH, the Regulations on the advancement of military personnel in the Armed Forces of BiH, and the Annual Plan for Promotion collectively stipulate procedures for promotion in Bosnia. Nonetheless, the Military Commissioner's reports suggests that, in reality, the procedures are not always transparent and there exists a large degree of legal ambiguity on important issues.

The Law on the Oversight of Security Intelligence Agency (OSA) stipulates that key intelligence appointments, such as the Director General and Deputy Director General of Intelligence, be made "by the Council of Ministers upon the proposal of the Chairman in consultation with members of the Presidency, the Executive Committee and the Intelligence Committee." But evidence suggests that the Council of Ministers has avoided consultations with the Presidency, the Executive Committee, and the Intelligence Committee in order to speed up the appointment process. This circumvention might be understood as a means of avoiding the politicisation of the process, underlining the need to resolve the fundamental dysfunctionality of the state system which create barriers to building strong transparent and meritocratic national institutions.

Scorecard

Political	Defence & Security Policy	Legislative Scrutiny	2
		Defence Committee	2
		Defence Policy Debated	2
		CSO Engagement	2
		International AC Instruments	2
		Public Debate	2
		AC Policy	2
		AC Institutions	2
		Public Trust	3
		Risk Assessments	2
	Defence budgets	Acquisition Planning	1
		Budget Transparency & Detail	2
		Budget Scrutiny	1
		Budget Publicly Available	3
		Defence Income	2
		Internal Audit	2
		External Audit	2
	Other Political Areas	Natural Resources	4
		Organised Crime Links	2
		Organised Crime Policing	2
Intelligence Services Oversight		3	
Intelligence Services Recruitment		1	
Export Controls		2	
Finance	Asset Disposals	Asset Disposal Controls	1
		Asset Disposal Scrutiny	2
	Secret Budgets	Percentage Secret Spending	1
		Legislative Access to Information	2
		Secret Program Auditing	2
		Off-budget Spending in Law	4
		Off-budget Spending in Practice	
		Information Classification	3
	Links to Business	Mil. Owned Businesses Exist	4
		Mil. Owned Business Scrutiny	
Unauthorised Private Enterprise		4	
Personnel	Leadership	Public Commitment	3
		Measures for Corrupt Personnel	2
		Whistleblowing	2
		Special Attention to Sensitive Personnel	2
	Payroll and Recruitment	Numbers of Personnel Known	3
		Pay Rates Openly Published	4
		Well-established Payment System	4
		Objective Appointments	2
		Objective Promotions	2
	Conscription	Bribery to Avoid Compulsory Conscription	
		Bribery for Preferred Postings	
Salary Chain	Ghost Soldiers	4	

		Chains of Command and Payment	4
	Values, Standards, Other	Code of Conduct Coverage	3
		Code of Conduct Breaches Addressed	2
		AC Training	2
		Prosecution Outcomes Transparent	1
		Facilitation Payments	3
Operations	Controls in the Field	Military Doctrine	1
		Operational Training	2
		AC Monitoring	1
		Controls on Contracting	2
		Private Military Contractors	2
Procurement	Government Policy	Legislation	2
		Transparent Procurement Cycle	1
		Oversight Mechanisms	2
		Purchases Disclosed	2
		Standards Expected of Companies	2
	Capability Gap	Strategy Drives Requirements	1
		Requirements Quantified	2
	Tendering	Open Competition v. Single-Sourcing	3
		Tender Board Controls	2
		Anti-Collusion Controls	3
	Contract Delivery / Support	Procurement Staff Training	2
		Complaint Mechanisms for Firms	2
		Sanctions for Corruption	2
	Offsets	Due Diligence	
		Transparency	
		Competition Regulation	
	Other	Controls of Agents	0
		Transparency of Financing Packages	2
		Subsidiaries / Sub-Contractors	0
Political Influence		3	