

BOSNA I HERCEGOVINA
MINISTARSTVO FINANCIJA/
FINANSIJA I TREZORA



БОСНА И ХЕРЦЕГОВИНА
МИНИСТАРСТВО ФИНАНСИЈА
И ТРЕЗОРА

BOSNIA AND HERZEGOVINA
MINISTRY OF FINANCE
AND TREASURY

BUDGET FOR CITIZENS

Ministry of Finance and
Treasury of Bosnia and Herzegovina

2023



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Treasury of Bosnia and Herzegovina

2023



Dear citizens,

This is the document 'Budget for Citizens of the Ministry of Finance and Treasury of Bosnia and Herzegovina for the year of 2023.', as an illustrative guide that clearly and simply demonstrates how the money from the Budget of the Ministry of Finance and Treasury of Bosnia and Herzegovina is collected and spent. Our aim is to become more open, transparent and accountable to citizens in terms of planning, managing and using financial resources of the institutions of Bosnia and Herzegovina.

The purpose of this document is to provide the public with a better insight and understanding of how the Ministry plans, allocates and spends public funds from the budget. Bearing in mind that the money in the budget comes from taxpayers, it is our obligation to manage it in the best interest of all citizens of Bosnia and Herzegovina and to present clear and comprehensible data about the sources of collected funds and their expenditure.

This document is intended for all individuals who would like to be informed about the plans of the Ministry, as well as for those who want to follow the spending of funds in the realization of the set goals. I sincerely hope that this document will provide answers to key questions regarding the Ministry's Budget and encourage a greater number of stakeholders to express their opinions and suggestions, which will serve as the basis for preparing the Budget for Citizens in the upcoming period.

We are open to a more significant participation of citizens in the budgeting process in the preparation of the future 'Budget for Citizens' documents, despite the constitutional limitations in the structure of the budget of the BH institutions. We would like to create a more accessible and understandable budget, as this is one of the initial requirements for improving the management of public finances.

We look forward to our future cooperation.

Kind regards,

MINISTER

PhD Zoran Tegeltija

The money within the **budgets** of governmental institutions at all levels is the money of citizens. Governmental revenues are collected from citizens through taxes, various fees and charges. In addition to this, revenues also come from **concessions** for the useage of resources which make a common heritage and belong to all citizens. Even when revenues come from loans, it is the citizens who will ultimately have to repay them in the end. Governmental institutions are responsible for the funds within their budgets and they make decisions on behalf of citizens regarding the allocation of collected funds for different purposes.

Having in mind that the budget is a reflection of **public policies**, it is clear why the countries with a developed democratic culture have a significant interest of the public in many budget-related issues. Citizens want to know and to decide on how their money will be spent. The fundamental prerequisite for citizen participation in the budget decision-making process is their level of information. In line with that, the task of the authorities is to provide transparency of their work and provide information about all the important questions related to the process of creation, adoption, and execution of the budget.

The Budget for Citizens is a document that summarizes and explains the basic budget information. It is a report, presented in an accessible format, using simple and clear language that citizens can understand. If they can understand it, then they can achieve their civic rights in a democracy – they can ask questions making sure the government explains what they do in the name of citizens.



Budget

An act that predicts all revenues and expenditures in one year.

Concession

A permission of the government given to legal or natural persons to perform certain business activities according to pre-determined requirements.

Policy

A plan or course of action by governmental institutions.

Budget for citizens

A simplified and illustrated outline of certain parts of the official Budget.

Area of work

- The Ministry carries out laws and other regulations through their direct application, resolving administrative matters in administrative proceedings, conducting administrative supervision, and performing other administrative tasks within its jurisdiction.
- The Ministry prepares and proposes laws, other regulations, and general acts within its jurisdiction to the Council of Ministers of Bosnia and Herzegovina and the Parliamentary Assembly of Bosnia and Herzegovina and also performs other tasks specified by special laws and other regulations.
- The Ministry prepares and submits to the Council of Ministers of Bosnia and Herzegovina and the Parliamentary Assembly of Bosnia and Herzegovina analyses, reports and information on the state of affairs in the areas and activities falling within the Ministry's jurisdiction.
- The Ministry monitors the state of affairs in the areas and activities within its jurisdiction, particularly regarding the enforcement of laws and other regulations, takes measures within its authority or provides recommendations to competent authorities for the enforcement of laws and other regulations.

Goals

Strategic goals

- Macroeconomic stability

Medium-term goal

- A stable and transparent financing system for Bosnia and Herzegovina management and control of public finances, and the fulfillment of international financial obligations

Specific objectives

- Developing effective policies and systems for the management and control of financing in Bosnia and Herzegovina institutions
- Improving the public debt management system and aligning external financing with Bosnia and Herzegovina's needs
- Enhancing fiscal policy and developing the asset management system of Bosnia and Herzegovina
- Developing effective policies and systems for financial planning for development and managing the Instrument for pre-accession assistance from the EU

Jurisdiction

The Ministry is responsible for:

- Principles of tax policy, fees and regulations;
- Relations with international and domestic financial institutions;
- Preparing contracts, agreements and other documents through which Bosnia and Herzegovina assumes loans and other financial obligations with other countries and international organizations;
- Planning and managing the debt of Bosnia and Herzegovina, executing international financial obligations;
- Policies for new borrowing both domestically and internationally;
- Preparing the budget of Bosnia and Herzegovina and the final account of Bosnia and Herzegovina;
- Coordinating activities to secure budgetary funds for Bosnia and Herzegovina;
- Executing the budget of Bosnia and Herzegovina and aging of financing for Bosnia and Herzegovina institutions;
- Conducting activities related to the succession of property of the former SFRY;
- Banking regulations related to the functioning of the Central Bank of Bosnia and Herzegovina;
- Managing property owned by Bosnia and Herzegovina institutions;
- Compiling, distributing, and publishing consolidated general government fiscal data;
- Coordinating international economic assistance for Bosnia and Herzegovina, excluding assistance from the European Union;
- Regulating internal control of budget beneficiaries in accordance with internationally recognized internal control standards, as well as providing guidance for the establishment and maintenance of internal control systems;
- Developing, managing and coordinating internal auditing in institutions of Bosnia and Herzegovina;
- Financial planning for development in institutions of Bosnia and Herzegovina, including public investment management and medium-term planning, monitoring and reporting.

Legal Framework

The Constitution of Bosnia and Herzegovina, The Law on Ministries and Other Administration Bodies of Bosnia and Herzegovina, The Law on Administration, The Law on Civil Service in Institutions of Bosnia and Herzegovina, The Labor Law in Institutions of Bosnia and Herzegovina, The Law on Public Procurement of Bosnia and Herzegovina, The Law on Financing of Institutions of Bosnia and Herzegovina, The Law on Salaries and Reimbursement of Employee Expenses in Institutions of Bosnia and Herzegovina, The Law on the Budget of Institutions of Bosnia and Herzegovina, The Law on Internal Audit in Institutions of Bosnia and Herzegovina, The Law on Borrowing, Debt, and Guarantees of Bosnia and Herzegovina, The Law on the Procedure for Conclusion and Implementation of International Agreements, The Agreement on Succession Issues of the Former SFRY, Financial framework partnership agreement between the European Commission and Bosnia and Herzegovina on specific arrangements for implementation of Union financial assistance to Bosnia and Herzegovina under the instrument for Pre-accession assistance (IPA III).

BUDGET CALENDAR AND BUDGET PROCESS

The **Budget Calendar** is set out by the Law on the Financing of Institutions of Bosnia and Herzegovina and it defines the activities that are essential for the preparation and adoption of the Budget. It defines the timeline and responsibilities of individual institutions regarding the preparation and adoption of the official Budget.

Budget process is based on prescribed activities of all participants in the process of preparing and adopting the Budget of the institutions of Bosnia and Herzegovina, as well as Bosnia and Herzegovina's international obligations, execution, reporting, and control.

Budget process begins in January, when the Ministry of Finance and Treasury provides budgetary instructions, along with a budget calendar, to all budget beneficiaries by the end of the month for the preparation of the **Framework Budget Document (FBD)**.

Budget process

the process which includes the preparation and adoption of the budget, its execution, reporting and control.

Framework Budget Document (FBD)

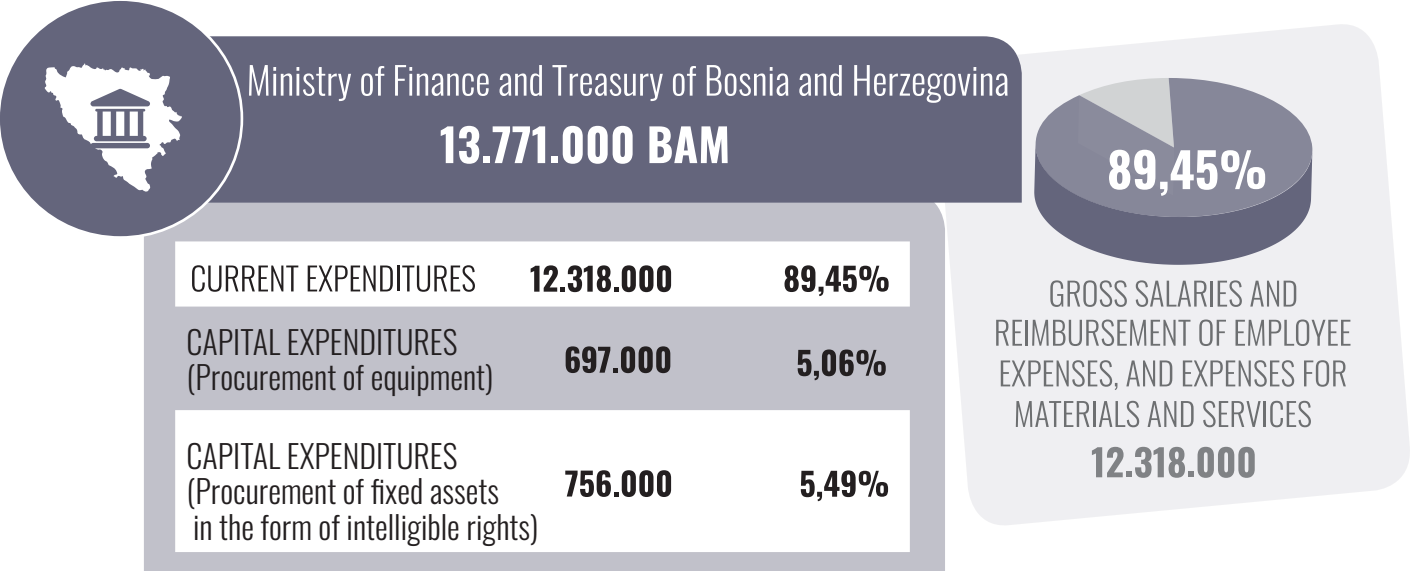
A projection of three-year` revenues and expenditures or a med-term budget projection.



STRUCTURE OF EXPENDITURE

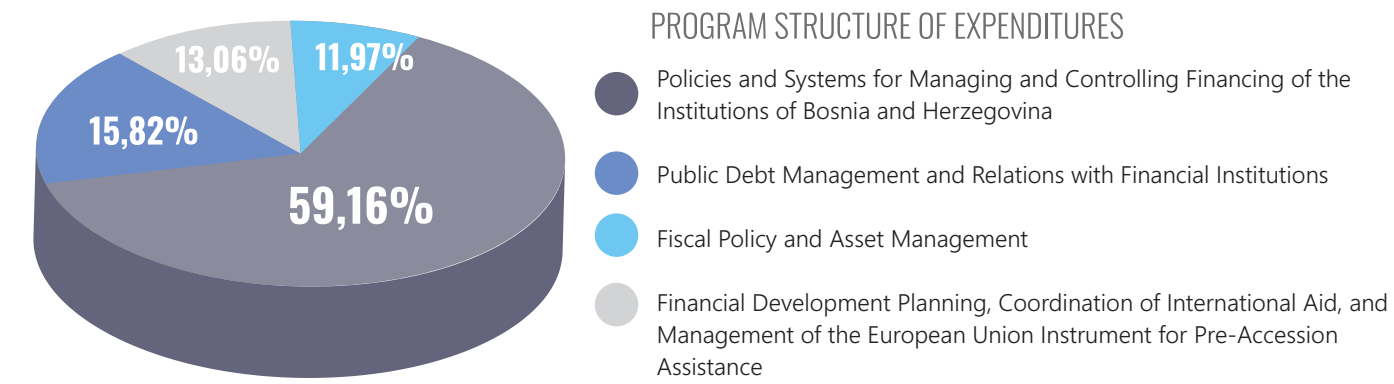
The budget of the Ministry of Finance and Treasury of Bosnia and Herzegovina for the year 2023 amounts to **13,771,000 BAM** with the following expenditure structure:

LINEAR-BY THE TYPE OF EXPENSES



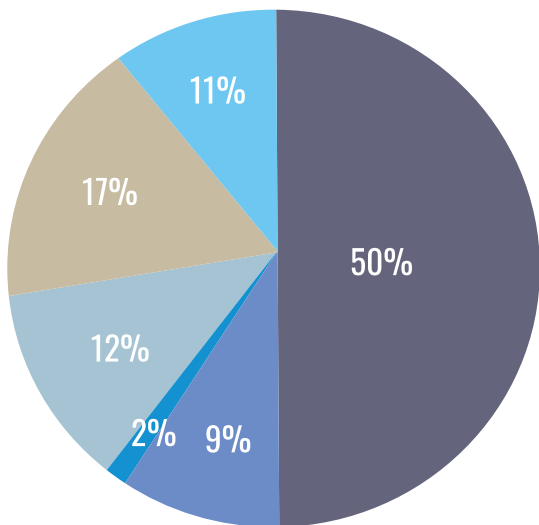
PROGRAM-PROJECT STRUCTURE OF EXPENDITURES

Programs	Amount (BAM)	Percentage (%)
Policies and Systems for Managing and Controlling Financing of the Institutions of Bosnia and Herzegovina	8.147.000	59,16
Public Debt Management and Relations with Financial Institutions	2.178.000	15,82
Fiscal Policy and Asset Management	1.648.000	11,97
Financial Development Planning, Coordination of International Aid, and Management of the European Union Instrument for Pre-Accession Assistance	1.798.000	13,06
IN TOTAL	13.771.000	100,00



EXPENDITURE STRUCTURE BY ECONOMIC CATEGORIES

CURRENT EXPENSES	12.318.000 BAM
Gross salaries and reimbursement of employee expenses	6.743.000
Employee and parliamentary representatives expense reimbursement	1.172.000
Travel expenses	272.000
Expenses for telephone and postal services	91.000
Procurement of materials	48.000
Expenses for transportation services and fuel	63.000
Leasing of assets and equipment	3.000
Expenses for ongoing maintenance	1.594.000
Expenses for insurance, banking and payment services	9.000
Contracted and other special services	2.323.000
EXPENSES FOR ACQUISITION OF FIXED ASSETS	1.453.000 BAM
Equipment purchase	697.000
Acquisition of fixed assets in the form of rights	756.000
IN TOTAL	13.771.000 BAM



STRUCTURE OF EXPENDITURES

- Gross salaries and reimbursement of employee expenses
- Employee and parliamentary representatives' expense allowances
- Travel expenses
- Expenses for ongoing maintenance
- Contracted and other special services
- Equipment purchase

The largest share of budget funds at the Ministry of Finance and Treasury of Bosnia and Herzegovina is allocated to Gross Salaries and Reimbursement of Employee Expenses (50%). The Ministry's functioning requires other expenses, including two multi-year projects:

- Project for upgrading the Financial Management Information System with the "Human Resources Management" Module and the "Centralized Payroll and Salary Payment" Module, with a budget of 1,200,000 BAM.
- Project for upgrading the Financial Management Information System with the "Budget Preparation Process Management" Module, with a budget of 855,000 BAM.

As a part of equipment procurement, the Ministry of Finance and Treasury plans to acquire two vehicles, computers, laptops, servers and network equipment. In terms of fixed assets in the form of rights, it is planned to procure checkpoint licenses, Oracle licenses and Ocean licenses.

The number of employees approved by the budget in the Ministry of Finance and Treasury of Bosnia and Herzegovina is 173.

COFOG classification

According to the COFOG classification, the total funds of the Ministry of Finance and Treasury of Bosnia and Herzegovina are related to General Public Services - Executive and legislative bodies, financial and fiscal affairs, external affairs.

COFOG CLASSIFICATION

The classification of government functions (COFOG - Classification of the Functions of the Government) was published by the United Nations Statistics Division and refers to budget funds classified according to the purpose for which they are spent.

PROGRAM ACTIVITIES

Polices and systems for the management and control of financing of institutions in Bosnia and Herzegovina

- Preparation, analysis and control of the budget execution of institutions in Bosnia and Herzegovina, and reporting (Budget of the Institutions of Bosnia and Herzegovina Division)
- Treasury operations management in institutions in Bosnia and Herzegovina in accordance with EU standards (Treasury Operations Division)
- Internal audit (Central Internal Audit Unit)
- Management activities and support activities (Office of the Minister, Office of the Deputy Minister, Ministry Secretary, and Division for Legal, General and Financial Affairs and Human Resources)*

Number of employees in the program: 67
Approved budget: 8.147.000 BAM

Public Debt Management and Relations with Financial Institutions

- Public debt management system (Public Debt Division)
- Relations with financial institutions (Relations with Financial Institutions Division)
- Management activities and support activities (Office of the Minister, Office of the Deputy Minister, Ministry Secretary, and Division for Legal, General and Financial Affairs and Human Resources) *

Number of employees in the program: 44
Approved budget: 2.178.000 BAM

Fiscal Policy and Asset Management

- Fiscal regulations, taxation policy according to international agreements, and international cooperation in the field of taxation (Fiscal Affairs Division)
- Management of Bosnia and Herzegovina's assets and coordination of the succession process of the former SFRY (Implementation of the succession of the former SFRY and the management of the property of BiH Division)
- Management activities and support activities (Office of the Minister, Office of the Deputy Minister, Ministry Secretary, and Division for Legal, General and Financial Affairs and Human Resources) *

Number of employees in the program: 29
Approved budget: 1.648.000 BAM

Financial Development Planning, International Aid Coordination and Management of the EU Instrument for Pre-accession Assistance

- Management of public investments, medium-term planning and coordination of international aid (Financial Development Planning and Coordination of International Economic Assistance Division)
- Coordination and management of the EU Instrument for pre-accession assistance (Division for Financing EU Assistance Programs and Projects)
- Management activities and support activities (Office of the Minister, Office of the Deputy Minister, Ministry Secretary, and Division for Legal, General and Financial Affairs and Human Resources)

Number of employees in the program: 33
Approved budget: 1.798.000 BAM

*Management activities and support activities (Office of the Minister, Office of the Deputy Minister, Ministry Secretary, and Division for Legal, General and Financial Affairs and Human Resources) are allocated equally across all 4 programs.

Name and surname

Address

E-mail

Organization/
Institution

You can write questions, comments, and suggestions on the back of the form.

Name and surname

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QUESTIONS, COMMENTS, AND SUGGESTIONS

Should you have any questions, comments or suggestions concerning the preparation and presentation of the “Budget for Citizens”, you can use the prepared forms, tear them out and send them by mail to:

**Ministry of Finance and Treasury of Bosnia and Herzegovina
(Cabinet of the Minister - Public Relations),
Trg Bosne i Hercegovine 1, 71000 Sarajevo.**

You can also send questions, comments and suggestions by e-mail to trezorbih@mft.gov.ba.

With respect,
Ministry of Finance and Treasury of Bosnia and Herzegovina



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