

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





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Dear citizens,

You are now reading the second edition of the document “Budget for Citizens of the Ministry of Finance and Treasury of BiH for 2024,” an illustrated guide that clearly and simply presents how the funds of the Ministry of Finance and Treasury of BiH are collected and spent.

Our goal in launching this initiative is to become even more open, transparent, and accountable to the citizens regarding the planning, management, and use of financial resources.

The purpose of this document is to provide the public with a better insight into and understanding of how the Ministry plans, allocates, and spends public funds from the budget. Considering that the money coming into the budget originates from taxpayers, it is our duty to manage it in the best interest of all citizens of Bosnia and Herzegovina and to present clear and understandable information about the sources of collected funds and their spending.

The document is intended for all individuals who wish to be informed about the Ministry’s plans, as well as for those who want to follow the spending of funds in the implementation of the established goals.

I sincerely hope that this document will provide answers to key questions regarding the Ministry’s Budget and encourage as many stakeholders as possible to share their opinions and suggestions, which will serve as a basis for preparing future editions of the Budget for Citizens.

We are open to increased participation of citizens in the budgetary process during the preparation of future “Budget for Citizens” documents, despite constitutional constraints in the structure of the BiH institutions’ budget. We want to create a more accessible and understandable budget, as this is one of the key assumptions for improving the management of public finances.

We look forward to cooperation in the coming period.

Kind regards,

MINISTER

Srđan Amidžić, PhD



The money within the **budgets** of governmental institutions at all levels is the money of citizens. Governmental revenues are collected from citizens through taxes and payments of different duties and charges. In addition to this, the revenue also comes from **concessions** for the usage of resources which make a common heritage and belong to all the citizens. Even when the revenues come from loans, citizens are the ones who will have to repay them in the end. Governmental institutions are responsible for the funds within their budgets, and they decide in the name of its citizens about the distribution of the collected funds for different purposes.

Having in mind that the budget is also 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 decide on how their money is spent. In this, a basic precondition for citizens to participate in the process of budgetary decision-making is to be informed. 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.

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



Budget

A document forecasting all revenues and expenditures in one year.

Concession

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

Public policy

A plan or course of action of governmental institutions.

Budget for Citizens

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

I FIELD OF WORK

- The Ministry enforces laws and other regulations through their direct application, resolving administrative cases in administrative procedures, conducting administrative supervision, and performing other administrative tasks within its scope of competence.
- The Ministry prepares and proposes laws, other regulations, and general acts within its competence to the Council of Ministers of Bosnia and Herzegovina and the Parliamentary Assembly of Bosnia and Herzegovina and carries out other tasks defined by specific laws and other regulations.
- The Ministry prepares and proposes analyses, reports, and information on the situation in the areas and activities undertaken within the Ministry's competence to the Council of Ministers of Bosnia and Herzegovina and the Parliamentary Assembly of Bosnia and Herzegovina.
- The Ministry monitors the situation in areas and activities within its competence, particularly concerning the implementation of laws and other regulations, takes measures within its authority, or makes recommendations to the competent bodies to ensure the implementation of laws and other regulations.

GOALS

Strategic Goal

- Macroeconomic stability

Medium-Term Goal

A stable and transparent system for financing BiH, the management and control of public finances, and the fulfilment of international financial obligations

Specific Goals

- Developing effective policies and systems for managing and controlling the financing of BiH institutions.
- Improving the public debt management system and aligning external financing with the needs of BiH.
- Improvement of fiscal policy and development of the asset management system of Bosnia and Herzegovina.
- Developing effective policies and systems for financial development planning and for managing EU pre-accession assistance.

II JURISDICTIONS

The Ministry is responsible for:

- Principles of tax policy, fees, and regulations;
- Relations with international and domestic financial institutions;
- Preparing contracts, agreements, and other acts through which BiH assumes loans and other financial obligations with other countries and international organizations;
- Planning and managing the debt of BiH, fulfilling international financial obligations;
- Policy of new borrowing domestically and abroad;
- Preparing the budget of BiH and the annual financial report of BiH;
- Coordinating activities to secure budgetary funds for BiH;
- Executing the budget of BiH and ensuring the financing of BiH institutions;
- Conducting activities related to the succession of assets of the former SFRY;
- Banking regulations related to the functioning of the Central Bank of BiH;
- Managing property owned by BiH institutions;
- Compiling, distributing, and publishing consolidated general government fiscal data;
- Coordinating international economic support for BiH, except for the part related to European Union assistance;
- Regulating internal control of budget users in accordance with internationally recognized internal control standards, as well as providing guidelines for establishing and maintaining the internal control system;
- Developing, managing, and coordinating internal audit within the institutions of Bosnia and Herzegovina;
- Financial planning of development within the institutions of Bosnia and Herzegovina, which includes public investment management and medium-term planning, monitoring, and reporting.

III LEGAL BASIS

The Constitution of BiH, Law on Ministries and Other Administrative Bodies, Law on Administration, Law on Civil Service in the Institutions of BiH, Law on Labor in the Institutions of BiH, Law on Public Procurement of BiH, Law on Financing of BiH Institutions, Law on Salaries and Allowances in the Institutions of BiH, Law on the Budget of BiH Institutions, Law on Internal Audit of the Institutions of Bosnia and Herzegovina, Law on Borrowing, Debt, and Guarantees of BiH; Law on the Procedure for Concluding and Executing International Agreements, Agreement on Succession Issues of the former SFRY; Framework Agreement on the Rules of Cooperation between the European Commission and BiH regarding EU financial assistance to Bosnia and Herzegovina through IPA.

BUDGET CALENDAR AND BUDGET PROCESS

The budget calendar is prescribed by the Law on Financing of the Institutions of Bosnia and Herzegovina, defining activities related to the preparation and adoption of the Budget. It outlines the timeline and responsibilities of individual institutions concerning the preparation of the official Budget.

The budget process is based on the prescribed activities of all participants involved in the preparation and adoption of the Budget of the institutions of Bosnia and Herzegovina, as well as the international obligations of Bosnia and Herzegovina, including implementation, reporting, and control.

The budget process begins in January when the Ministry of Finance and Treasury, by the 31st of the month, provides all budget users with the budget instruction and budget calendar for the preparation of the **Budget Framework Document (BFD)**.



Budget process

The process which includes preparing and adopting the budget, its execution, reporting and control.

Framework Budget Document (FBD)

A projection of three-years' revenues and expenditures, i.e. a mid-term budget projection.



31 January

The Ministry of Finance and Treasury of BiH sends out its budgetary instructions with the budget calendar for the preparation of a Framework Budget Document and Annual Budget to all the budget users.



31 March

Directorate for Economic Planning is obliged to prepare a draft of the macroeconomic projections for the current year and the three following years.



15 April

Department for Macroeconomic Analysis of the Management Board of the Indirect Taxation Authority prepares a draft of projection of revenues from indirect taxation for the current year and the three following years. Budget users submit their tables summarising their priorities to the Ministry of Finance and Treasury of BiH.



15 June

The Ministry of Finance and Treasury submits the Framework Budget Document to the Council of Ministers for adoption.



30 June

The Council of Ministers adopts the Framework Budget Document.



1 July

The Ministry of Finance and Treasury of BiH submits its instructions to the budget users for the preparation of requests for the next year's budget.



1 August

Budget users submit their requests for the next year's budget.



1 October

The Ministry of Finance and Treasury of BiH, after performed consultations with budget users, submits a Draft Law on the Budget of Institutions of BiH and International Obligations of BiH to the BiH Council of Ministers for the next year.



15 October

The Council of Ministers is obliged to submit the Draft Law of the Budget of Institutions of BiH and International Obligations of BiH for the next year to the BiH Presidency.



1 November

The Presidency of BiH is obligated to submit a Proposal of the Law on the Budget of Institutions of BiH and International Obligations of BiH for the next year to the BiH Parliamentary Assembly.



31 December

The BiH Parliamentary Assembly considers the Proposal of the Law on the Budget submitted to the Presidency of BiH and it adopts the Law on Budget in accordance with its own Rules of Procedure.

EXPENDITURE STRUCTURE

The 2024 Budget of the Ministry of Finance and Treasury of Bosnia and Herzegovina amounts to **11,674,000 BAM** with the following expenditure structure:



a) LINE ITEM - BY TYPE OF EXPENDITURE

CURRENT EXPENDITURES **11.203.000 BAM**



Gross Salaries and Allowances, and Expenditures for Materials and Services

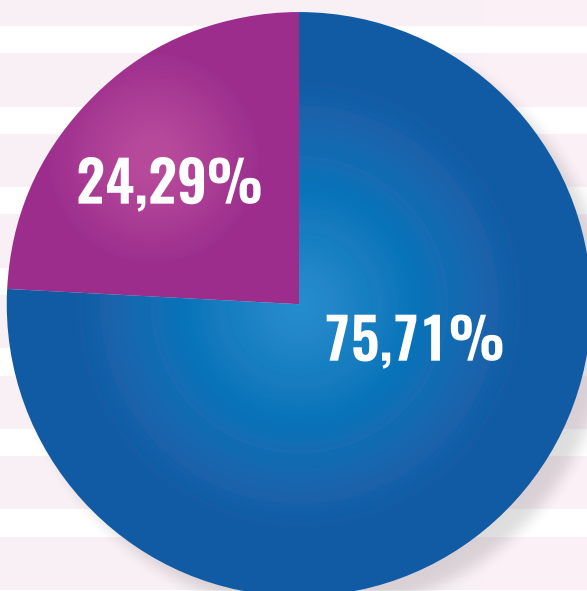
CAPITAL EXPENDITURES **471.000 BAM**



Procurement of Equipment
450.000 BAM (3,85%)

Acquisition of Fixed Assets in the Form of Rights
21.000 BAM (0,18%)

b) PROGRAMMATIC- PROJECT EXPENDITURE STRUCTURE



Management and Control of BiH Institutions Financing **8.838.000 BAM**

International Relations in the Field of Finance **2.836.000 BAM**

EXPENDITURE STRUCTURE BY ECONOMIC CATEGORIES

CURRENT EXPENDITURES	11.203.000
Gross Salaries and Allowances	6.881.000
Allowances for Employee and Assembly Representatives' Expenses	1.081.000
Travel Expenses	160.000
Expenditures for Telephone and Postal Services (PTT)	75.000
Procurement of Materials	49.000
Expenditures for Transport and Fuel Services	55.000
Rental of Property and Equipment	38.000
Expenditures for Ongoing Maintenance	1.750.000
Expenditures for Insurance, Banking Services, and Payment Transactions	14.000
Contracted and Other Special Services	1.100.000
EXPENDITURES FOR THE PROCUREMENT OF FIXED ASSETS	471.000
Procurement of Equipment	450.000
Acquisition of Fixed Assets in the Form of Rights	21.000
TOTAL	11.674.000

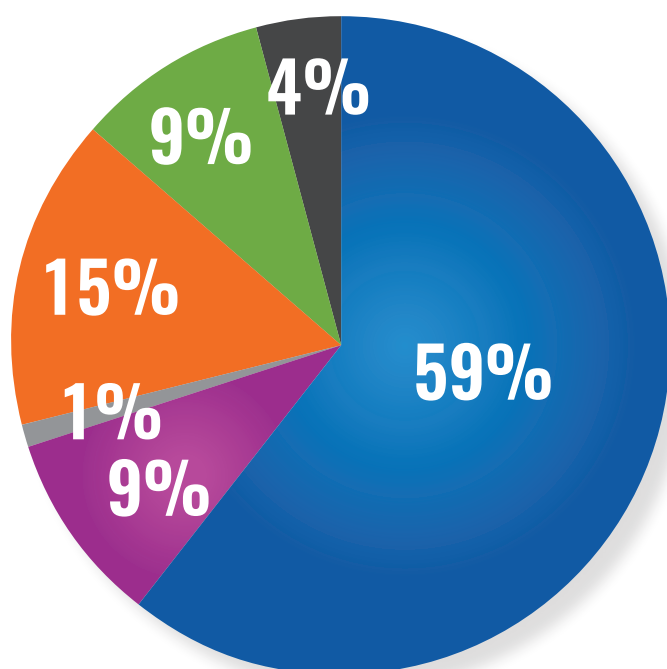
The largest share of budget funds at the Ministry of Finance and Treasury of BiH pertains to Gross Salaries and Allowances (59%). Other expenditures pertain to the costs associated with the needs for the smooth functioning of the Ministry, which includes two multi-year projects:

- **Project for upgrading the Financial Management Information System with the “Human Resource Management” Module and the “Centralized Calculation and Disbursement of Salaries” Module in the amount of 310,000 BAM**
- **Project for upgrading the Financial Management Information System with the Budget Preparation Process Management Module in the amount of 330,000 KM**

The Ministry of Finance and Treasury has planned the procurement of two vehicles, furniture, computers and laptops, data and voice transmission equipment, and built-in server equipment as part of the equipment procurement. For fixed assets in the form of rights, Oracle and Ocean licenses are planned. **The projected revenue from the sale of motor vehicles amounts to 20,000 BAM.**

The number of employees at the Ministry of Finance and Treasury of BiH approved by the Budget is 173.

EXPENDITURE STRUCTURE



Gross Salaries and Allowances

Allowances for Employee and Assembly Representatives' Expenses

Travel Expenses

Expenditures for Ongoing Maintenance

Contracted and Other Special Services

COFOG Classification

According to the COFOG classification, the total funds of the Ministry of Finance and Treasury of BiH relate to General Public Services - Executive and Legislative Bodies, Financial and Fiscal Affairs, Foreign Affairs.

COFOG Classification

Classification of governmental function (COFOG – Classification of the Functions of the Government) was published by the Department for Statistics of the United Nations and it is related to the funds from the budget classified by the purposes, which these are spent for.

PROGRAM ACTIVITIES

Management and Control of Financing of Institutions of Bosnia and Herzegovina

- Management and Support of the Budget of BiH Institutions
- Management and Administration
- Upgrade of the Financial Management Information System with the Budget Preparation Process Management Module (BPMIS)
- Upgrade of the Financial Management Information System with the Human Resource Management System (HRMS) Module and the Payroll Module
- Preparation, Analysis, and Control of Budget Execution of BiH Institutions and Reporting (Budget of the Institutions of Bosnia and Herzegovina Sector)
- Management of Treasury Operations in BiH Institutions in accordance with EU Standards (Treasury Operations Sector)
- Internal Audit (Central Unit for Internal Audit)
- Management of Property Owned by BiH Institutions 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 Sector)
- Management of Public Investments, Medium-Term Planning (Financial Development Planning and Coordination of International Economic Assistance Sector)
- Management Activities and Support Activities (Office of the Minister, Office of the Deputy Minister, Secretary of the Ministry, and Sector for Legal, Personnel, General, and Financial Affairs)

Number of Employees in the Program: 116

Approved Budget: 8,838,000 BAM

International Relations in the Field of Finance

- Conclusion and Implementation of International Agreements
- Public Debt Management System (Public Debt Sector)
- Relations with Financial Institutions (Sector for Relations with Financial Institutions)
- Fiscal Regulations, Taxation Policy According to International Agreements, and International Cooperation in the Field of Taxation (Fiscal Affairs Sector)
- Coordination of International Assistance (Sector for Financial Development Planning and Coordination of International Economic Assistance)
- Coordination and Management of EU Pre-Accession Assistance (Sector for Financing EU Aid Programs and Projects)

Number of Employees in the Program: 57

Approved Budget: 2,836,000 BAM

Name and surname

Adress

E-mail

Organisation/
Institution

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

Name and surname

Adress

E-mail

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Institution

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QUESTIONS, COMMENTS AND SUGGESTIONS

Dear citizens, if you have any questions, comments or suggestions with regards to the preparation and presentation of the "Budget for Citizens", you can use the pre-prepared forms, tear them out and send them by postal mail to the address:

**Ministry of Finance and Treasury of BiH (Office of the Minister – Public Relations),
Trg BiH 1, 71000, Sarajevo.**

You may also send your questions, comments and suggestions to the following e-mail at:
trezorbih@mft.gov.ba.

Sincerely,

Ministry of Finance and Treasury of BiH



