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Second Evaluation Round

Compliance Report on Bosnia and Herzegovina

Adopted by GRECO
at its 41st Plenary Meeting
(Strasbourg, 16-19 February 2009)

I. INTRODUCTION

1. GRECO adopted the Second Round Evaluation Report on Bosnia and Herzegovina at its 31st Plenary Meeting (8 December 2006). This report (Greco Eval II Rep (2005) 8E) was made public by GRECO, following authorisation by the authorities of Bosnia and Herzegovina, on 31 January 2007.
2. In accordance with Rule 30.2 of GRECO's Rules of Procedure, the authorities of Bosnia and Herzegovina submitted their Situation Report (RS-Report) on the measures taken to implement the recommendations on 11 September 2008 and 19 December 2008, respectively.
3. At its 26th Plenary Meeting (5-9 December 2005), GRECO selected, in accordance with Rule 31.1 of its Rules of Procedure, Armenia and Denmark to appoint Rapporteurs for the compliance procedure. The Rapporteurs appointed were Karen Gevorgyan on behalf of Armenia and Flemming Denker on behalf of Denmark. The Rapporteurs were assisted by the GRECO Secretariat in drafting the Compliance Report (RC-Report).
4. The objective of the RC-Report is to assess the measures taken by the authorities of Bosnia and Herzegovina, to comply with the recommendations contained in the Evaluation Report.

II. ANALYSIS

5. It was recalled that GRECO in its evaluation report addressed sixteen recommendations to Bosnia and Herzegovina. Compliance with these recommendations is dealt with below.

Recommendation i.

6. *GRECO recommended to enlarge the scope of the provisions of the Republika Srpska on confiscation of indirect proceeds of crime and with regard to situations where no conviction is possible (in rem confiscation).*
7. The authorities of Bosnia and Herzegovina indicate that the Code of Criminal Procedure (CPC) of the Republika Srpska was amended in November 2008; no changes have been introduced into the Criminal Code of the Republika Srpska which would allow for the attachment of indirect proceeds of crime as well as confiscation *in rem*. A draft law regulating, *inter alia*, the management of illicit proceeds is underway; the establishment of a special unit to track down, execute and manage seizure and confiscation orders of the proceeds from crime is also envisaged. The authorities recognise that it is desirable to fully harmonise substantive criminal law in Bosnia and Herzegovina through the adoption of a single Criminal Code and the establishment of a Supreme Court of Bosnia and Herzegovina, which provides for the authoritative interpretation of the law binding all levels of Government.
8. While acknowledging the plans reported to further regulate the management of seized/confiscated assets, GRECO regrets that nothing has been done to meet recommendation i *stricto sensu*. In this respect, the Criminal Code of the Republika Srpska continues to differ from the substantive criminal law of the rest of the country concerning confiscation, since it does not comprise specific provisions allowing for the confiscation of secondary proceeds, nor the facilitation of *in rem* attachment (for a detailed analysis of the legal provisions governing confiscation in Bosnia and Herzegovina see paragraphs 10, 11 and 32 of

the Second Round Evaluation Report). No case law or jurisprudence was submitted which would substantiate that the concern raised in recommendation i is no longer justified.

9. GRECO concludes that recommendation i has not been implemented.

Recommendation ii.

10. *GRECO recommended to analyse the practical application of the legislation on confiscation and seizure of the instruments and proceeds of criminal offences, including corruption, with a view to developing harmonised guidance for prosecutors and to providing training for both prosecutors and judges; particular attention should be paid to making better use of legal provisions concerning confiscation of proceeds of crime held by a third party.*
11. The authorities of Bosnia and Herzegovina report that as far as the practical application of the legislation on confiscation and seizure is concerned, in 2007, convictions by the Court of Bosnia and Herzegovina resulted in the confiscation of the proceeds of crime whose value amounted to KM 1,464,153 (754,000 EUR), while the total fines imposed amounted to KM 116,500 (60,000 EUR). In a total of 6 criminal cases tried in cantonal and district courts in the Federation of Bosnia and Herzegovina and the Republika Srpska, respectively, the proceeds of crime whose value amounted to KM 20,799,688 (10,710,030 EUR) were confiscated. In 75 cases, fines imposed amounted to a total of KM 61,070 (31,446 EUR). In a total of 280 cases tried at municipal and basic courts in the Federation of Bosnia and Herzegovina and the Republika Srpska, respectively, the confiscated property acquired through crime and violations of law amounted to a total of KM 2,413,758 (1,243,000 EUR); fines imposed amounted to KM 18,614,457 (9,585,000 EUR). In a single case before the Basic Court in Brčko District, illegally acquired property that was confiscated had a value of KM 1,620,412 (834,370 EUR); in 68 cases, fines imposed amounted to a total of KM 108,150 (55,690 EUR). With respect to training, the authorities provide details on several seminars held at State and Entity level, from 2006 to 2008, to better acquaint prosecutors and judges with the legislative regime concerning seizure and confiscation (e.g. sessions organised in 2006 by the Centres for Judicial and Prosecutorial Training, the Judicial Commission of the Brčko District, the European Police Mission in Bosnia and Herzegovina and the Ministries of the Interior of the Federation of Bosnia and Herzegovina and the Republika Srpska to train police officers, judges and prosecutors on different aspects of economic crime, including the application of confiscation measures and the management of seized assets); no practical cases/examples were analysed in the course of these training sessions.
12. GRECO acknowledges the training developed at the different levels of Government to further familiarise judges and prosecutors with the provisions on confiscation and seizure. GRECO notes that statistics are being gathered concerning the use in practice of confiscation and seizure of illegal proceeds, which point at an increasing number of confiscation orders. However, no information has been provided by the authorities as to the analysis of such numerical data (which could bring light to some of the problems identified in the Second Round Evaluation Report - for example, concerning the systematic use of seizure/confiscation by the responsible courts or the attachment of objects held by a third party -, and could also assess other areas where improvements may be needed) and the subsequent development of harmonised guidance (which could include references to practical examples) to ensure that the corresponding legal provisions on confiscation are applied in an effective manner to deter and punish corruption instances, as recommended.

13. GRECO concludes that recommendation ii has been partly implemented.

Recommendation iii.

14. *GRECO recommended to (i) improve the coordination and cooperation between the agencies involved in the detection, investigation and prosecution of corruption on a regular basis at early stages of criminal proceedings, by providing the prosecution with accurate and updated financial/economic information, in order to ensure that economic investigations are likely to result in the freezing of the proceeds of corruption; and (ii) develop specific multidisciplinary training for prosecutors and police officers to make full use of the practical and legal means available to effectively track offenders' assets.*
15. The authorities of Bosnia and Herzegovina report on several efforts to improve coordination and cooperation in the framework of economic investigations. In particular, the Indirect Taxation Authority (ITA) has established functional cooperation (e.g. through meetings, joint training activities, information exchange) with a number of bodies involved in the detection, investigation and prosecution of corruption, including prosecutors' offices at different levels of Government, investigating units and the Financial Intelligence Unit (FIU) of the State Investigation and Protection Agency (SIPA), Entity and cantonal ministries of interior, border police. Similar coordination/cooperation efforts have been taken by SIPA; however, these efforts have not always yielded the expected results and the authorities are of the opinion that much remains to be done to effectively improve inter-institutional cooperation.
16. Moreover, a project of the High Judicial and Prosecutorial Council of Bosnia and Herzegovina, aimed at ensuring better coordination mechanisms between the police and the prosecution services, was launched in April 2008; it comprises four different components, i.e. development of harmonised legislation; organisation of joint training, on an ongoing basis, on anticorruption matters, including financial investigations; harmonisation of registers and statistics; and assessing possibilities for the establishment of a common criminal database to which the police and prosecutor's offices would have direct access.
17. As far as the development of multidisciplinary training is concerned, a wide number of seminars were organised from 2006 to 2008 dealing *inter alia* with the topic of financial investigations, i.e. over 42 training sessions co-funded by bilateral and international donors dealing with analytical and investigative methods to prosecute financial crime, including corruption; 20 seminars organised by the SIPA-FIU on financial investigations and specialised techniques, including computer-based investigation, criminal analysis systems and forensics, etc.
18. With respect to the first part of the recommendation, GRECO welcomes the steps undertaken by certain institutions, such as the Indirect Taxation Authority (ITA) and the State Investigation and Protection Agency (SIPA), to improve their cooperation during criminal investigations, including by facilitating the exchange of information, at early stages of the proceedings, with the prosecution services. The ongoing implementation of a specific project to build up cooperation mechanisms between the police and prosecutor's office is a positive development; however, the project is still at its very early stages of implementation and no information has been provided as to whether particular activities have already been developed under the different project components. Moreover, the authorities have recognised that the need to strengthen inter-institutional coordination/cooperation between the agencies involved in the detection, investigation and prosecution of corruption, at the different levels of Government, still remains prevalent. GRECO can only encourage the authorities to pursue in their efforts to set in place a

functional and structured system for inter-institutional cooperation, which would enable a swifter sharing of knowledge and intelligence between the authorities in charge of the fight against corruption.

19. With respect to the second part of the recommendation, GRECO is pleased to note the efforts undertaken by the authorities to develop multidisciplinary training sessions on financial investigations, and therefore, deems this part of recommendation iii as implemented.
20. GRECO concludes that recommendation iii has been partly implemented.

Recommendation iv.

21. *GRECO recommended to extend the application of the provisions on the use of special investigative techniques to cover a wider range of corruption offences in accordance with Article 23 of the Criminal Law Convention on Corruption and to provide the competent agencies with appropriate means and training in order to make the system of special investigative techniques work efficiently in practice.*
22. The authorities of Bosnia and Herzegovina indicate that amendments were introduced to the Codes of Criminal Procedure (CPC) of Bosnia and Herzegovina (June 2008) and the Republika Srpska (November 2008) to extend the application of special investigative techniques to all crimes punishable with more than three years' imprisonment, including, therefore, all corruption and money laundering offences¹. The proposed amendments to the CPCs of the Federation of Bosnia and Herzegovina and the Brčko District include identical provisions in this respect.
23. GRECO takes note of the amendments introduced in the CPCs of Bosnia and Herzegovina and the Republika Srpska to extend the application of special investigative techniques (SITs) to a wider range of corruption offences. GRECO further notes the reported plans to introduce identical provisions in the CPCs of the Federation of Bosnia and Herzegovina and the Brčko District; pending adoption of these amendments, GRECO can only assess this part of the recommendation as partly implemented.
24. Moreover, no information has been submitted as to whether the bodies responsible for the use in practice of SITs have been provided with the necessary means and training to efficiently perform their competences in this field, as required by the second part of the recommendation.
25. GRECO concludes that recommendation iv has been partly implemented.

Recommendation v.

26. *GRECO recommended that the authorities ensure that the Financial Intelligence Unit of the State Investigation and Protection Agency reaches the required staff level as soon as possible.*
27. The authorities of Bosnia and Herzegovina report that the staff complement of the Financial Intelligence Unit (FIU) of the State Investigation and Protection Agency (SIPA) has almost doubled since the adoption of the Second Round Evaluation Report on Bosnia and Herzegovina. It has now a total of 28 employees (police officers and civil servants) and has, therefore, brought its staffing level to 72%.

¹ Official Gazette of Bosnia and Herzegovina 58/08.

28. GRECO acknowledges the ongoing steps taken by the authorities to increase the staff levels of the FIU, but notes that recommendation v clearly pointed to the need for the FIU to reach its full personnel capacity as foreseen by its constitutional act, i.e. 39 staff members, so that it would be better equipped to perform its multiple anti-money laundering tasks/powers.
29. GRECO concludes that recommendation v has been partly implemented.

Recommendation vi.

30. *GRECO recommended to ensure a systematic assessment and evaluation of the effectiveness of the Anti-Corruption Strategy and its Action Plan through the setting up of an independent anti-corruption body with sufficient resources.*
31. The authorities of Bosnia and Herzegovina state that the Ministry of Security of Bosnia and Herzegovina requested, in July 2008, to all different bodies subjected to tasks and corresponding deadlines under the Anti-Corruption Strategy and its Action Plan (a total of 26 institutions), an update on implementation. The information received pointed at a variable status of implementation, with only a limited number of agencies (8 over 26) having fulfilled their activities. A monitoring body has not yet been established. For this reason, the Ministry of Security of Bosnia and Herzegovina has proposed to the Council of Ministers the setting-up of an inter-departmental monitoring body composed of representatives of the different institutions concerned by the Anti-Corruption Strategy and its Action Plan, which is to oversee implementation of the relevant anticorruption measures on a permanent basis, as well as to identify new/continued objectives for the period 2010-2014. Moreover, the Ministry of Security of Bosnia and Herzegovina, in cooperation with ABA/CEELI and with the representatives of the Ministry of Justice of Bosnia and Herzegovina, the Bosnia and Herzegovina Prosecutor's Office, the Central Election Commission and the Border Police, have drafted an Anti-Corruption Act, which foresees the creation of an independent anti-corruption agency; the draft is to be forwarded to the Council of Ministers which is to decide on its adoption.
32. GRECO takes note of the updates provided which indicate that a systematic assessment and evaluation of the Anti-Corruption Strategy and its Action Plan are still lacking to the detriment of a uniform and proper implementation of the national anti-corruption policy. GRECO notes the declared intention of the authorities to establish an independent anti-corruption body and looks forward to receiving further information on concrete action taken in this respect.
33. GRECO concludes that recommendation vi has not been implemented.

Recommendation vii.

34. *GRECO recommended to (i) pursue effective implementation of the legal provisions on access to public information; (ii) provide the possibility to effectively challenge denials of access to information; (iii) hold civil servants accountable for failure to comply with the law; and (iv) properly monitor the enforcement of the afore-mentioned measures.*
35. The authorities of Bosnia and Herzegovina indicate that amendments to the Law on Freedom of Information of Bosnia and Herzegovina have now been adopted to give effect to recommendation vii. In particular, the wording of the Law has now been changed to replace the term administrative "notification" by "decision" and thereby enabling the right to appeal under administrative legislation. The Law on Freedom of Information regulates appeal channels: administrative

complaints, judicial complaints, as well as complaints before the Ombudsman; moreover, in cases of denial of information, it is mandatory for the requested public authority to accompany its official letter refusing information with details on the available appeal mechanisms for the individual concerned. Failure to comply with the Law on Freedom of Information is punished with administrative penalties. As far as implementation of the law is concerned, access to information guides and index registers have been issued to better familiarise the public with their rights, the type of administrative information available and the contact details of information officers. The Ombudsman, which was appointed in December 2008, is given authority to monitor implementation of the legislation on freedom of information throughout the national territory.

36. GRECO concludes that recommendation vii has been implemented satisfactorily.

Recommendation viii.

37. *GRECO recommended to (i) adopt a Code of Conduct for civil servants at State level; (ii) expand the Code of Ethics of the Federation of Bosnia and Herzegovina to include explicit references to ethical issues and risks of corruption; and (iii) develop regular training at all levels of government on public ethics and risks of corruption, including the resolving of practical, specific cases (e.g. reactions to gifts, conflicts of interest, etc.).*
38. The authorities of Bosnia and Herzegovina report that, with respect to part i of recommendation viii, amendments to the Law on Civil Service in Bosnia and Herzegovina (State level) are being drafted; these would ultimately provide the legal basis which would allow for the issuing of a Code of Conduct for civil servants at State level.
39. With respect to part ii of recommendation vii, no changes have been introduced to the Code of Ethics of the Federation of Bosnia and Herzegovina to cover explicit references to ethical issues and risks of corruption.
40. With respect to part iii of recommendation viii, regular training on ethical matters is being provided. In particular, the Republika Srpska has trained, in line with its Civil Service Training Strategy, a total of 33 civil servants on deontological principles and anticorruption policy. Likewise, the Federation of Bosnia and Herzegovina trained in 2008 a total of 348 civil servants in these matters.
41. GRECO takes note of the action taken in this area at different levels of Government. However, the action taken according to the information provided does not fully satisfy any of the components of recommendation viii. In particular, a Code of Conduct for civil servants has not been adopted at State level (part i, recommendation viii); it is not clear whether the Code of Ethics - or any other binding text - of the Federation of Bosnia and Herzegovina now includes explicit references to ethical issues and risks of corruption (part ii, recommendation viii); and finally, with respect to training, only the efforts of the Republika Srpska and the Federation of Bosnia and Herzegovina have been tracked in this field, no information has been provided as to the training on ethical matters provided at State level and in the Brčko District. Overall, although certain limited steps have apparently been taken with respect to ethical matters in public service in Bosnia and Herzegovina, efforts clearly need to be stepped up.
42. GRECO concludes that recommendation viii has been partly implemented.

Recommendation ix.

43. *GRECO recommended to introduce an effective system for reviewing financial declarations (including random verifications) by the respective Civil Service Agency at each level of government and the Election Commission, and to allow that such declarations be used in a preventive manner by providing individual counselling on the prevention of conflicts of interest.*
44. *The authorities of Bosnia and Herzegovina indicate that, as far as the financial declarations of high officials (elected officials, executive office holders and advisors) are concerned, legislation on conflicts of interest has now been adopted by all Entities and is reportedly said to be harmonised with the Law on Conflicts of Interest in Governmental Institutions adopted at State level. The Law on Conflicts of Interest was amended in August 2008 to, *inter alia*, improve its oversight system, for example, the Election Commission is to submit a report to the relevant prosecutor's office whenever irregularities, which may lead to criminal offences, are spotted in the course of verification of financial declarations. Moreover, the Election Commission is competent to monitor conflicts of interest legislation at State, Federation and Brčko District levels. In addition, certain steps have been taken at practical level to better monitor financial declarations, for example, a uniform reporting format has been prepared by the Election Commission (officials are to report on their income at the beginning and at the end of their mandates). Failure to report is sanctioned with fines ranging from 200 to 3,000 KM (103 to 1,545 EUR); however, no sanctions are foreseen for cases of incorrect/false reporting. The Election Commission has held a number of seminars to train high officials, in a preventive fashion, through practical examples, on instances giving rise to potential conflicts of interest and ways to avoid such instances; a total of 534 officials have attended these seminars. The Election Commission has also provided for a system of public scrutiny by publishing declaration forms on its website.*
45. *Concerning the declarations of property and income to be filed by civil servants, civil service registers are now operative at all levels of Government.*
46. *GRECO notes that some steps have been taken to make progress in the implementation of recommendation ix, notably, by introducing conflict of interest legislation for high officials at Entity level, by strengthening the oversight role of the Election Commission, and by putting in place registers recording financial declarations of civil servants. GRECO is nevertheless concerned about the lack of sanctions in existing legislation for cases of incorrect/false reporting, as this almost certainly hampers the effective deterrence of the system in practice, all the more since a material check of the financial declarations submitted (including cross-checks of information between the Election Commission and other authorities) is not systematically carried out. Moreover, GRECO notes that nothing has been reported as to the oversight regime of financial declarations (for both repressive and preventive purposes) in the Republika Srpska where the Election Commission has not been given competence in this field.*
47. *GRECO concludes that recommendation ix has been partly implemented.*

Recommendation x.

48. *GRECO recommended to develop clear rules/guidelines in the Republika Srpska and the Brčko District for situations where civil servants move to the private sector, in order to avoid conflicts of interest.*

49. The authorities of Bosnia and Herzegovina indicate that the Brčko District has introduced certain provisions in its Code of Conduct concerning the leave of public office, including limitations during an “adequate” period of time (cool-off period) on engaging in any employment that may give rise to a potential conflict of interest and a general ban on using the information/knowledge acquired in the official’s former position to the disadvantage of the public interest; further regulations are expected to be introduced in the future in this particular matter. No information is provided as to how, or whether, the move of civil servants to the private sector is regulated in the Republika Srpska.
50. GRECO takes note of the general provisions on leave of office included in the Code of Conduct of the Brčko District and the intention reported by the authorities to further regulate the issue of pantouflage; this intention goes in the direction of recommendation x which advised the development of clear rules/guidelines in the matter. Therefore, in order to comply with recommendation x, the Brčko District would need to set in place a more detailed framework specifying, *inter alia*, the required cool-off period (at present, the Code of Conduct does not provide for an indication of what is to be considered an “adequate” period of time after leaving public service), the necessary control mechanism for post-employment business activities, the applicable sanctions for infringement cases, etc. Given that some initial steps have indeed been undertaken by the Brčko District to regulate pantouflage, and that the authorities have expressed their plans to further develop this particular issue, GRECO deems recommendation x as partly implemented in the Brčko District.
51. With respect to the Republika Srpska, GRECO regrets the fact that it did not receive any update (if indeed available) as to the applicable rules on pantouflage. In the absence of information, GRECO can only assess recommendation x as non-implemented in the Republika Srpska.
52. In view of the above, GRECO concludes that recommendation x has been partly implemented.

Recommendation xi.

53. *GRECO recommended to (i) introduce clear rules/guidelines and training for civil servants concerning the reporting of suspicions of corruption in public administration; and (ii) ensure that civil servants who report suspicions of corruption in good faith are adequately protected from adverse consequences.*
54. The authorities of Bosnia and Herzegovina report that no steps have been taken to introduce rules on reporting corruption in public administration and the corresponding protection of whistleblowers.
55. GRECO very much regrets that no action has been taken to address recommendation xi and urges the authorities to address the issue of whistleblowing in an expeditious manner.
56. GRECO concludes that recommendation xi has not been implemented.

Recommendation xii.

57. *GRECO recommended to establish an inter-linked system for the registration of legal persons that is able to provide information in a timely and reliable manner.*

58. The authorities of Bosnia and Herzegovina highlight that an inter-linked system for the registration of legal persons is now in place as a corollary of the different legislative measures adopted at the different levels of Government to harmonise business registration procedures and to allow for the sharing of information on legal persons in a swift manner. Since January 2008, commercial courts in Bosnia and Herzegovina have started to upload registration data into the electronic ledger of the Business Registry. Likewise, courts of jurisdiction (other than commercial courts), tax administrations and statistics agencies are connected to the single electronic registration system.
59. GRECO concludes that recommendation xii has been implemented satisfactorily.

Recommendation xiii.

60. *GRECO recommended to strengthen the controlling functions of the courts in charge of the registration of legal persons with regard to the identity of the founders of legal persons as well as other pertinent information necessary for registration.*
61. The authorities of Bosnia and Herzegovina stress that legislation, at State and Entity levels, require the identity of the founders of legal persons as well as other pertinent information necessary for registration. In this connection, applicants are to submit proof of their identity and certification from the competent authorities on clean criminal records; registration courts are empowered to carry out additional checks, as necessary. Moreover, the controlling functions of registration courts have been strengthened upon completion of the so-called Citizen Identification Protection System (CIPS), which has set in place a centralised identification and registration system of physical persons (responsibility in this area has thus been transferred from Entity to State level), including by developing a unified Bosnian identification card.
62. GRECO concludes that recommendation xiii has been implemented satisfactorily.

Recommendation xiv.

63. *GRECO recommended to ensure that investigators, prosecutors and judges are given the necessary training in order to fully apply the existing provisions on corporate criminal liability.*
64. The authorities of Bosnia and Herzegovina report a very limited number of training sessions concerning corporate criminal liability (for example, some efforts have taken place at Brčko District level).
65. GRECO notes that the training provided on the issue of corporate criminal liability remains very limited; more determined action needs to be undertaken in this respect. Consequently, GRECO concludes that recommendation xiv has been partly implemented.

Recommendation xv.

66. *GRECO recommended that specific training be provided to tax inspectors to increase awareness of the use of disguised deductions in order to hide corrupt payments.*
67. The authorities of Bosnia and Herzegovina report that training sessions have been organised, at both State and Entity level, to assist tax inspectors to better identify corrupt payments claimed as deductions. In particular, the State-level Indirect Taxation Authority (ITA) has trained, during the period 1 January 2007 and 30 June 2008, a total of 104 tax inspectors. Training seminars have

also been organised by the Federation of Bosnia and Herzegovina and the Republika Srpska to introduce tax inspectors to the new legislation adopted in this field (i.e. Laws on Profit Tax and Income Tax) and the ways in which the relevant provisions could be circumvented to perform fraudulent operations.

68. GRECO concludes that recommendation xv has been implemented satisfactorily.

Recommendation xvi.

69. *GRECO recommended that the authorities seek agreement with the professional bodies of lawyers, notaries, accountants and auditors on guidelines to be issued to encourage and assist the professionals concerned to understand better and meet their reporting obligations under the law.*
70. The authorities of Bosnia and Herzegovina state that, with a view to better coordinating anti-money laundering tasks, the Council of Ministers of Bosnia and Herzegovina adopted in July 2008 a Decision on an Anti-Money Laundering Task Force. The recently launched Task Force is entrusted with both coordination and prevention responsibilities, including the development of cooperation mechanisms with the professional bodies of lawyers, notaries, accountants and auditors to assist these categories of professionals to meet their reporting obligations. The new legislation on notaries, which was adopted in 2007, includes specific obligations for them to report suspicions of corruption and money laundering. According to the data gathered by the FIU of the State Investigation and Protection Agency (SIPA), the number of suspicious transaction reports (STRs) submitted by notaries has increased in the past two years (November 2007-December 2008): a total of 1,389 STRs were filed. Over the same period, only one report was received from an attorney; no reports were filed by accountants or auditors.
71. GRECO welcomes the establishment of an Anti-Money Laundering Task Force, which is to *inter alia* increase the awareness of accountants, auditors and legal professionals concerning their reporting obligations under the existing anti-money laundering legislation. GRECO notes that, although the number of STRs filed by notaries has increased, very few reports are filed by accountants, auditors and lawyers. For this reason, the provision of guidance in this area, is necessary.
72. GRECO concludes that recommendation xvi has been partly implemented.

III. CONCLUSIONS

73. **In view of the above, GRECO concludes that Bosnia and Herzegovina has implemented satisfactorily or dealt with in a satisfactory manner a quarter of the recommendations contained in the Second Round Evaluation Report.** Recommendations vii, xii, xiii and xv have been implemented satisfactorily. Recommendations ii, iii, iv, v, viii, ix, x, xiv, xvi have been partly implemented and recommendations i, vi and xi have not been implemented.
74. Bosnia and Herzegovina registers a very low level of implementation of the recommendations made by GRECO during its Second Round Evaluation. Sustained and material efforts are needed in virtually all areas. Some steps have been undertaken to toughen the control performed by the authorities with respect to the registration of legal entities and the taxation regime. The legal framework on access to information and conflicts of interest has been amended, in the light of experience, to facilitate the application of the relevant provisions in practice and to strengthen the

corresponding monitoring/oversight channels. Likewise, some training has been organised in the last three years to better familiarise law enforcement officials with the legal provisions allowing for the effective prosecution of corruption offences (confiscation and seizure regime, financial investigations, anti money-laundering requirements). It is of vital importance that the country embarks in coordinated action to prevent and fight corruption throughout the national territory: proper implementation and monitoring of the anti-corruption strategy - which was adopted in 2006 - are still pending, the lack of action in this field, severely hampers the credibility of the system. More determined action is clearly required in the area of public administration to attain uniform and satisfactory levels of implementation of the recommendations dealing with ethics, pantouflage, and whistleblower protection. Likewise, more cooperation is necessary among the different levels of Government in order to efficiently deter and punish corruption; the lack of a constructive collaboration and a coherent/holistic approach to the fight against corruption in the country has been mirrored in the present Compliance Report. GRECO expects the authorities of Bosnia and Herzegovina to do everything necessary, at all levels of Government, to show tangible results in the effective implementation of the outstanding recommendations as soon as possible.

75. GRECO invites the Head of the delegation of Bosnia and Herzegovina to submit additional information regarding the implementation of recommendations i, ii, iii, iv, v, vi, viii, ix, x, xi, xiv and xvi by 31 August 2010 at the latest.
76. Finally, GRECO invites the authorities of Bosnia and Herzegovina to authorise, as soon as possible, the publication of the report, to translate the report into the national languages and to make these translations public.