



Groupe d'Etats contre la corruption
Group of States against corruption

DIRECTORATE GENERAL OF HUMAN RIGHTS AND LEGAL AFFAIRS
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Addendum

Second Evaluation Round

Addendum to the Compliance Report on Bosnia and Herzegovina

Adopted by GRECO
at its 50th Plenary Meeting
(Strasbourg, 28 March – 1 April 2011)

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) addressed 16 recommendations to Bosnia and Herzegovina and was made public on 31 January 2007.
2. Bosnia and Herzegovina submitted the Situation Report required under the GRECO compliance procedure on 11 September 2008 and 19 December 2008, respectively. On the basis of this report, and after a plenary debate, GRECO adopted the Second Round Compliance Report (RC Report) on Bosnia and Herzegovina at its 41st Plenary Meeting (19 February 2009). This last report was made public on 2 June 2009. The Compliance Report (Greco RC-II (2008) 7E) concluded that recommendations vii, xii, xiii and xv had been implemented satisfactorily. Recommendations ii, iii, iv, v, viii, ix, x, xiv, xvi had been partly implemented and recommendations i, vi and xi had not been implemented. GRECO requested additional information on their implementation. This information was provided on 20 August 2010.
3. The purpose of this Addendum to the Second Round Compliance Report is, in accordance with Rule 31, paragraph 9.1 of GRECO's Rules of Procedure, to appraise the implementation of recommendations i, ii, iii, iv, v, vi, viii, ix, x, xi, xiv and xvi in the light of the additional information referred to in paragraph 2.

II. ANALYSIS

Recommendation i.

4. *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).*
5. GRECO recalls that the RC-report took account of the plans reported by the authorities to further regulate the management of seized/confiscated assets in the Republika Srpska. However, in the absence of concrete information on when those plans would materialise and how they would deal with the legislative gaps identified with respect to the confiscation regime in the Republika Srpska, GRECO assessed recommendation i as not implemented.
6. The authorities of Bosnia and Herzegovina now report that the Criminal Assets Recovery Act was adopted by the Republika Srpska on 25 January 2010. It regulates the conditions, procedures and authorities responsible for the detection, deprivation and management of criminal proceeds. It provides, *inter alia*, for confiscation of indirect proceeds, *in rem* attachment and reversed burden of proof. It also prescribes the establishment of a special agency for the management of seized assets. Furthermore, a Department for Financial Investigations has been set up within the Ministry of the Interior of the Republika Srpska; training has been launched to assist with implementation of the recently adopted confiscation/seizure related provisions (e.g. five-day training for staff of the Department for Financial Investigations on advanced techniques of investigation and prosecution of complex financial crimes, organised by the Ministry of the Interior of the Republika Srpska in cooperation with the US Department of Justice – USDOJ/ICITAP programme; TAIEX training seminars).
7. GRECO welcomes the measures taken by the Republika Srpska to further articulate its confiscation regime, including with respect to indirect proceeds and attachment *in rem*. GRECO

trusts that the recently adopted provisions, as well as the initiatives launched in this area (i.e. establishment of specialised structures to deal with financial investigations and the management of confiscated/seized criminal proceeds), will improve the collection of evidence and confiscation of property illegally acquired.

8. GRECO concludes that recommendation i has been implemented satisfactorily.

Recommendation ii.

9. *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.*
10. GRECO recalls that in the RC-report it acknowledged the training developed in this field. Ongoing progress was also noted with respect to the gathering of statistics concerning the use in practice of confiscation and seizure of illegal proceeds; however, GRECO regretted that no information was reported concerning the factual analysis of such numerical data which could eventually trigger further action to identify and tackle areas where improvements are needed. Moreover, GRECO noted that nothing had been done concerning the development of harmonised guidance to ensure that the provisions on confiscation would be effectively applied. Therefore, the recommendation was considered as partly implemented.
11. The authorities of Bosnia and Herzegovina highlight that the Criminal Code of Bosnia and Herzegovina was amended to introduce extended confiscation and the apportionment of the burden of proof by which suspects are required to demonstrate the legitimate origin of their assets, in order to avoid being deprived of them (Article 110a, Criminal Code). The Criminal Codes of the different Entities have allegedly been harmonised in this respect and they all provide for extended confiscation. The authorities further report on a vast number of training events organised at all levels of Government for police officers, judges and prosecutors (e.g. training seminars on confiscation in the Federation of Bosnia and Herzegovina and the Brčko District attended by some 160 judges and prosecutors, USDOJ/ICITAP training in the Republika Srpska, TAIEX seminars, Council of Europe PROSECO activities, and other initiatives organised by the relevant Centres for Training of Judges and Prosecutors). The first positive results of the targeted training offered to law enforcement officials are reportedly starting to show: for example, the Republika Srpska filed in the first semester of 2010, 225 criminal reports against 297 persons. The authorities nevertheless recognise the need to intensify the knowledge and expertise of police officers, prosecutors and judges concerning financial investigations; for this reason, a joint technical assistance EU-Council of Europe Project for Strengthening Capacities to Fight Corruption and Economic Crime in Bosnia Herzegovina (IPA funds, 2010-2012) includes extensive training activities for tax inspectors, investigators (police officers, SIPA officials, etc.), prosecutors, judges and other professional groups involved in fighting corruption, including on the effective use of confiscation and seizure of illegal proceeds.
12. GRECO takes note of the information provided. It welcomes the efforts made to amend the provisions on the burden of proof with regard to the proceeds of crime, as well as to provide training to police officers, prosecutors and judges on confiscation and seizure. GRECO is pleased that a financial allocation for additional training activities has been secured for 2010-2012 in the context of a joint EU-Council of Europe technical assistance project. GRECO notes, however,

that no progress appears to have been made concerning the required critical analysis of existing practice in this area (e.g. identification of obstacles preventing the attachment of illegal proceeds and potential solutions in law and practice), nor on the development of harmonised guidance to ensure that the corresponding legal provisions on confiscation and seizure are applied in an effective manner to deter and punish corruption instances.

13. Consequently, GRECO concludes that recommendation ii remains 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. GRECO recalls that in the RC-report it acknowledged the activities launched to strengthen the process of contact and cooperation between the agencies involved in the detection, investigation and prosecution at the different levels of Government. GRECO also welcomed the efforts undertaken by the authorities to develop multidisciplinary training on financial investigations. However, GRECO concluded that the recommendation was partly implemented since it was considered that additional steps were needed to significantly boost inter-institutional coordination/cooperation of law enforcement officials between and across levels of government.
16. The authorities of Bosnia and Herzegovina now report on the conclusion, on 30 September 2009, of an Agreement between the Ministry of Security, all police authorities and the High Judicial and Prosecutorial Council on establishing a system of electronic data exchange between police authorities and prosecution offices; implementation is ongoing. A Directorate for Police Coordination has been set up to improve communication between police bodies and to facilitate cross-border cooperation with relevant foreign and international bodies; it will host the electronic data exchange server for registries of police and prosecutors. The authorities also refer to a wide number of training sessions focusing on financial investigations (see paragraph 11 for details). Moreover, in the area of money laundering and terrorist financing, a project started in January 2010 to enhance cooperation between the Financial Intelligence Unit (FIU) and the Crime Investigation Unit (CIU) of the State Information and Protection Agency of Bosnia and Herzegovina (SIPA). Finally, training has been developed to enhance cooperation between investigators and prosecutors; 6 seminars have been organised to this effect. In 2009, 335 participants (representatives from prosecutor's offices and police structures from all over the country) attended such seminars.
17. GRECO takes note of the updates provided. GRECO welcomes the joint seminars organised to enhance cooperation between police officers and prosecutors. Likewise, the conclusion of an inter-institutional agreement to develop a system of electronic data exchange between police authorities and prosecution offices, under the aegis of the recently established Directorate for Police Coordination, is clearly a positive development which will assist in better meeting the recommendation. It is crucial that such a system is operative in practice; in this connection, GRECO notes that the necessary arrangements are yet to be completed. With respect to the second part of the recommendation, GRECO welcomes the training provided to law enforcement

officials in order to enhance the expertise required to track down offenders' assets and investigate and prosecute complicated cases of financial crime. While recognising that the authorities have come a long way in meeting recommendation iii, GRECO takes the view that additional steps are clearly to be taken in order 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. The launching of a technical assistance project in this specific area of concern appears to be promising. The authorities may wish to keep GRECO informed of new developments in this respect.

18. GRECO concludes that recommendation iii remains partly implemented.

Recommendation iv.

19. *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.*
20. GRECO took note, in the RC-report, of the amendments to the Codes of Criminal Procedure of Bosnia and Herzegovina and the Republika Srpska providing for the application of special investigative techniques (SITs) to all corruption offences. There were similar amendments underway in the Federation of Bosnia and Herzegovina and the Brčko District; however, the proposed amendments had not been adopted. Moreover, no details were provided as to whether the bodies responsible for the use in practice of SITs had been given the necessary means and training to efficiently perform their competencies in this field, as required by the second part of recommendation iv.
21. The authorities of Bosnia and Herzegovina stress that the relevant Codes of Criminal Procedure (i.e. at State and Entity levels) provide for the application of SITs to all crimes punishable with more than three years' imprisonment including, therefore, all corruption and money laundering offences. Technical cooperation programmes have been/are being developed to provide means and training to render the use of SITs in the investigation of corruption-related offences fully operative in practice. A large number of training sessions were organised in cooperation with the International Criminal Investigative Training Assistance Programme (ICITAP) drawing on the experience of international experts in this area (e.g. seminars targeting SIPA staff).
22. GRECO welcomes the legislative developments reported to enable the use of SITs in connection with corruption offences, as well as the training offered to law enforcement officials in their practical application.
23. GRECO concludes that recommendation iv has been implemented satisfactorily.

Recommendation v.

24. *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.*
25. GRECO recalls that, in the RC-report, this recommendation was considered partly implemented as the required staff level of the Financial Intelligence Unit (FIU) of the State Investigation and

Protection Agency had not been reached: there were 28 employees (72% of the required staffing level) working in the FIU at the time of adoption of the RC-report.

26. The authorities of Bosnia and Herzegovina now indicate that there are 27 employees (police officers, civil servants and other employees); a vacancy has been announced for the employment of an additional civil servant. The current level of staff is considered to be sufficient.

| Sector | Required staff level as per internal Book of Rules | Current staff level |
|-----------------|--|---------------------|
| Police officers | 20 | 11 |
| Civil servants | 15 | 13 |
| Other employees | 4 | 3 |
| Total | 39 | 27 |

27. GRECO recalls that the FIU had 28 employees at the time of adoption of the RC-report (72% of required personnel capacity) and that this situation was not assessed as satisfactory enough to fully meet recommendation v which was clearly aimed at ensuring that the FIU reaches its full personnel capacity (i.e. 39 staff members – 100% of personnel capacity), so that it would be better equipped to perform its multiple anti-money laundering tasks. The current staff of the FIU is even lower, with 27 employees (69% of required personnel capacity) and one vacancy to be filled. In this connection, GRECO also refers to the latest MONEYVAL report on Bosnia and Herzegovina, adopted in December 2009, which stressed the fact that the FIU was significantly below its budgeted complement of personnel and, under those circumstances, did not appear to have sufficient staff resources to fully perform its functions¹.
28. GRECO concludes that recommendation v remains partly implemented.

Recommendation vi.

29. *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.*
30. GRECO recalls that, in the absence of a systematic assessment and evaluation of the Anti-Corruption Strategy and its Action Plan through the setting up of an independent anti-corruption body, recommendation vi was deemed as not implemented.
31. The authorities of Bosnia and Herzegovina now highlight that, on 30 December 2009, the Law on the Agency for the Prevention and Coordination of the Fight against Corruption was adopted; it entered into force on 7 January 2010. The Law reportedly provides for an independent and autonomous status of the Agency, which is accountable to Parliament. The Agency is vested with diverse corruption-prevention responsibilities, e.g. development, coordination and monitoring of anti-corruption policies and tools/activities, data gathering and analysis, monitoring conflicts of interest, design of integrity plans, awareness raising and education activities, etc. The Agency was established in 2010: an acting director was appointed, pending selection of a permanent director; staff is being recruited; a working draft of the Agency's rulebook has been produced.

¹ Mutual Evaluation Report on Bosnia and Herzegovina, 10 December 2009. MONEYVAL (2009)42

32. The authorities furthermore report on a new Anti-Corruption Strategy and Action Plan, which were adopted on 24 September 2009, and are to cover the period 2009-2014.
33. GRECO welcomes the steps taken to advance in the implementation of recommendation vi, in particular through the launching of new anticorruption measures for the period 2009-2014, as well as the establishment of the Agency for the Prevention and Coordination of the Fight against Corruption with monitoring, analytical and advisory functions. GRECO notes that the Agency is yet to become fully operational: staffing is not up yet to the planned level, working procedures and operational/enforcement responsibilities are to be defined. It is essential that full operability of the Agency is promptly secured, including through the provision of sufficient resources and adequate powers to perform its manifold tasks in a meaningful manner. GRECO also notes that the Agency has limited competencies of its own and depends on the effective cooperation with other institutions between and across levels of government (e.g. with respect to the submission of information); the necessary communication, cooperation and feedback arrangements must be swiftly developed to this effect. Moreover, the tasks of the Agency in certain areas need to be further defined and articulated in order to avoid risks of overlapping functions with other bodies already entrusted with anticorruption responsibilities (e.g. the Election Commission with respect to implementation of conflict of interest legislation). More determined action is clearly needed in this area.
34. GRECO concludes that recommendation vi has been partly implemented.

Recommendation viii.

35. *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.).*
36. GRECO recalls that, in the RC-report, it concluded that none of the components of recommendation viii had been fully addressed: notably, a Code of Conduct at State level had not been adopted; nothing had been reported with respect to references to ethical issues and risks of corruption in the Federation of Bosnia and Herzegovina (FBiH); finally, training efforts needed to be stepped up.
37. The authorities of Bosnia and Herzegovina emphasise that the Law amending the Law on Civil Service in the Institutions of Bosnia and Herzegovina (BiH), which was adopted in 2009, has provided a legal basis for a Code of Conduct at State level. A draft Code of Conduct has been prepared by the BiH Civil Service Agency and has been submitted to the Council of Ministers for its final adoption.
38. The authorities furthermore report that the Code of Ethics of the Federation of Bosnia and Herzegovina was amended in 2009 to include explicit references to ethical issues and risks of corruption.
39. The authorities finally point at several training activities on public ethics and risks of corruption developed at different levels of government. In particular, the BiH Civil Service Agency organises regular training on ethical matters upon recruitment. In the Federation of Bosnia and Herzegovina, a total of 724 of civil servants have been trained on deontology principles and

corruption prevention during the period 2008-2010. The authorities indicate that training on ethical issues also takes place in the Republika Srpska and the Brčko District. The authorities further report on training on ethics for members of the judiciary.

40. GRECO takes note of the updates provided and acknowledges the steps taken by the authorities to meet the different components of recommendation viii. In particular, it notes that the Code of Ethics of the Federation of Bosnia and Herzegovina has been amended to include specific provisions reflecting on ethical matters and risks of corruption, as per recommendation viii(ii). GRECO is also pleased to note the progress reported with respect to the drafting of a Code of Conduct at State level; that said, since the Code still needs to be enacted, recommendation viii(i) can only be deemed as partly implemented. Concerning recommendation viii(iii), although some training measures have been developed, GRECO considers that much more still needs to be done at all levels of Government to promote ethical behaviour in public administration; consequently, GRECO encourages the authorities to enhance their efforts in this respect, in particular, by ensuring regular training of public officials on deontological principles on a permanent basis.

41. GRECO concludes that recommendation viii remains partly implemented.

Recommendation ix.

42. *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.*

43. GRECO acknowledged in the RC-report the steps taken to strengthen the oversight and advisory role played by the Election Commission at State, Federation and Brčko District levels with respect to instances of conflict of interest. GRECO was, however, concerned about the course of action to be taken in case of incorrect or false reporting of conflicts of interest. GRECO further regretted the lack of information concerning the oversight regime of financial declarations in the Republika Srpska which had its own commission for determining conflicts of interest. Consequently, recommendation ix was considered partly implemented.

44. The authorities of Bosnia and Herzegovina clarified the current system in place to prevent conflicts of interest. Firstly, the Law on the Prevention of Conflict of Interest in the Institutions of Bosnia and Herzegovina applies to high officials (elected officials, executive office holders and advisors). A designated form has been developed to report their property and income, as well as that of their close relatives. The form is to be completed at the beginning of the official's term of office. The Central Electoral Commission is responsible for checking the accuracy of the data submitted and is to use such data for preventive purposes. The authorities stress the obligation of the Election Commission to report to the prosecutor whenever irregularities (suspicions about incorrect or false reporting) are detected in the course of verification of financial declarations. The Election Commission keeps a Register of Income and Property. The authorities further report that steps have been taken/are envisaged to amend the Law on the Prevention of Conflict of Interest. In particular, a Draft Law was submitted to Parliament in December 2009; it was rejected by Parliament in January 2010. In June 2010, Parliament decided to entrust an Inter-Departmental Working Group (composed of representatives of both Houses of Parliament, the Council of Ministers and the Central Electoral Commission) with the preparation of a new draft, with the

assistance of the Venice Commission of the Council of Europe. Until now, this Working Group has not been established.

45. Secondly, the Election Law of Bosnia and Herzegovina establishes an obligation for candidates to submit a statement on ownership and a declaration of assets, at the beginning and at the end of their mandate. This obligation extends to the immediate family of the respective candidate. The Central Electoral Commission is not responsible for verifying the accuracy of the information submitted by candidates/their immediate family, but only for publishing such information on its website (www.izbori.ba). Failure to report is sanctioned with fines ranging from 200 to 3,000 BAM (103 to 1,545 EUR).
46. Lastly, conflicts of interest of civil servants are regulated by the Law on Civil Service in the Institutions of Bosnia and Herzegovina, and the respective laws at Entity level. Implementation and verification of the relevant provisions fall under the competence of the relevant Civil Service Agency at each level of government. The Agency for the Prevention and Coordination of the Fight against Corruption (once it is fully operative) is expected to develop a common methodology for the collection of information concerning civil servants' assets and to verify the correctness of such information thereafter.
47. GRECO notes that no substantial developments have taken place since the adoption of the RC-Report. With respect to the conflict of interest regime applicable to high officials, the envisaged amendment to the Law on the Prevention of Conflict of Interest in the Institutions of Bosnia and Herzegovina in order to upgrade its provisions, in the light of the experience gained in this domain and following the recommendations of the Council of Europe and the European Union, has not yet materialised. As to the course of action to be taken in case of incorrect or false reporting of conflicts of interest, GRECO takes note of the explanation provided by the authorities concerning the obligation on the Central Electoral Commission to report to the public prosecutor if irregularities are spotted when checking the financial reports submitted by high officials (or their close relatives). However, GRECO reiterates its view that, in order to be better positioned to effectively detect irregularities, it is not only necessary to have financial information collected, but also to ensure that other channels exist for checking the accuracy of data submitted, including through random verifications, as well as by establishing cooperation routines with other authorities (e.g. tax inspectors and other public bodies responsible for keeping information on movable and immovable property of civil servants) with a view to facilitating the gathering and cross-checking of financial information in a swift and effective manner. Nothing new has been reported in this respect. With reference to implementation practice in the Republika Srpska, GRECO notes that, once again, no details were reported in this respect. Finally, there is no evidence of a current or planned use of financial declarations for preventive purposes (i.e. as a basis for counselling on ways in which to avoid potential conflicts of interest).
48. Concerning the conflict of interest regime applicable to civil servants, it would appear that the Agency for the Prevention and Coordination of the Fight against Corruption is now to play an important role in this respect, in conjunction with the respective Civil Service Agencies. However, these are only plans which are yet to be put into effect.
49. As to the new details provided by the authorities concerning candidates for election under the Election Law, GRECO will examine this specific regime in the context of its Third Evaluation Round.
50. GRECO concludes that recommendation ix remains partly implemented.

Recommendation x.

51. *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.*
52. GRECO recalls that this recommendation was assessed as partly implemented. In particular, GRECO acknowledged the initial steps taken by the Brčko District to deal with the move of civil servants to the private sector (pantouflage) and the plans of the authorities to further develop the applicable rules. GRECO regretted that nothing had been reported concerning implementation of recommendation x in the Republika Srpska.
53. The authorities of Bosnia and Herzegovina now report that amendments were introduced in 2009 to the Code of Conduct of Civil Servants of the Republika Srpska to regulate pantouflage. According to Article 13a, a cool-off period of two years is required for executives/managers leaving public service.
54. The Code of Conduct of the Brčko District contains provisions on pantouflage in Article 19, which states that public officials must not work with or pass on confidential information to a natural or legal person with whom s/he has worked (or counselled on) during his/her service. The duration of the relevant cool-off period is not fixed in the Code.
55. GRECO takes note of the information provided. GRECO considers that, although both the Republika Srpska and the Brčko District have addressed the issue of pantouflage in their respective codes of conduct, the relevant provisions do not fully meet recommendation x. In particular, concerning the Republika Srpska, GRECO notes that the pantouflage restriction is rather general in nature and only applies to civil servants with executive or advisory tasks; this leaves other categories and levels of civil servants out of the scope of the restriction. With respect to the Brčko District, GRECO also considers that the applicable provision on pantouflage is rather vague and does not provide sufficient guidance as to how to address this type of situation (e.g. prior approval and/or reporting of intended or current post-service activities, duration of cool-off period, penalties/enforcement mechanisms, etc.).
56. GRECO concludes that recommendation x remains partly implemented.

Recommendation xi.

57. *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.*
58. GRECO recalls that, since no steps had been taken to address whistleblower protection in Bosnia and Herzegovina, the recommendation was assessed as not implemented.
59. The authorities of Bosnia and Herzegovina now report on several legislative amendments (adopted/ongoing) referring to this area of concern. At State level, the Law on the Agency for the Prevention and Coordination of the Fight against Corruption includes a general provision for the protection of whistleblowers; in particular Article 7(d) establishes that no one may be punished or

mistreated for reporting suspicions of corruption. Moreover, in the event that retaliatory actions may occur, the right to compensation applies; an implementing regulation concerning possible compensation procedures is to be developed by the Agency for the Prevention and Coordination of the Fight against Corruption. At Entity level, the Federation of Bosnia and Herzegovina intends to amend its Law on Civil Service to introduce, *inter alia*, specific rules on whistleblower protection; the Republika Srpska has amended its Code of Conduct of Civil Servants, which now includes a specific provision establishing that whistleblowers are to be protected from reprisal. Finally, the Code on Conduct of Brčko District, in its Article 10, refers to the institution of “ethical officers” to whom whistleblowers may address their suspicions; the Code establishes that whistleblowers are to be protected from any sort of retaliatory action.

60. GRECO takes note of the information provided; it considers that the actions taken in this field fall short of the establishment of an actual whistleblower protection system as pursued by recommendation xi. Furthermore, GRECO has not been informed of any guidance for the conduct of public officials in terms of their reporting obligation (e.g. course of action to be taken when signalling suspicions of corruption and the available protection mechanisms etc). GRECO, therefore, urges the authorities to develop, in a prompt and thorough manner, the necessary whistleblower protection mechanisms (both in law and in practice) and to provide guidance and training for civil servants concerning their reporting obligation thereafter.

61. GRECO concludes that recommendation xi has been partly implemented.

Recommendation xiv.

62. *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.*

63. GRECO concluded, in the RC-report, that the training provided on the issue of corporate liability was rather limited, and therefore assessed recommendation xiv as partly implemented.

64. The authorities of Bosnia and Herzegovina report on new training initiatives concerning financial investigations, corruption and economic crime (see paragraph 11 for details).

65. GRECO welcomes the training organised to better acquaint law enforcement bodies with the issue of corporate liability for corruption offences. However, no information has been provided as to prosecuted and/or adjudicated corruption-related cases involving legal persons, which would substantiate that the existing provisions on corporate criminal liability are being fully applied in practice, as aimed at in recommendation xiv.

66. Therefore, GRECO can only conclude that recommendation xiv remains partly implemented.

Recommendation xvi.

67. *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.*

68. GRECO acknowledged, in the RC-report, the establishment of an Anti-Money Laundering Task Force responsible, *inter alia*, for enhancing the awareness of accountants, auditors and legal

professionals concerning their reporting obligations. It also noted an increase in the number of suspicious transaction reports (STRs) filed by notaries. However, in view of the very few reports filed by accountants, auditors and lawyers, it assessed recommendation xvi as partly implemented since the provision of guidance in this area was still felt to be necessary.

69. The authorities of Bosnia and Herzegovina report on several measures taken to improve the anti-money laundering legislative and institutional framework. A new Law on the Prevention of Money Laundering and Financing of Terrorist Activities came into force on 15 July 2009; a Rulebook on Risk Assessment, Data, Information, Documentation, Identification Methods and other Necessary Indicators for Implementation of the aforementioned Law was adopted thereafter. In addition, several reporting guidelines have been developed (e.g. guidelines for indications of suspicions, guidelines on identification information to be included in records, guidelines on connected transactions, etc.). Moreover, a National Strategy and Action Plan for Preventing and Combating Money Laundering and the Financing of Terrorist Activities was adopted in September 2009. During the period 2007-2010, no STRs were filed by lawyers, accountants or auditors. However, the aforementioned categories of professionals are increasingly cooperating with the FIU concerning their reporting obligations: the number of cash transactions reported by these professionals in 2008 amounted to 1,472, in 2009 to 2,349 and in 2010 (first nine months of the year) to 2,249, respectively.
70. GRECO welcomes the development of new instruments to assist in the fight against money laundering, which have led, *inter alia*, to increasing involvement of legal professionals, accountants and auditors in this area.
71. GRECO concludes that recommendation xvi has been implemented satisfactorily.

III. CONCLUSION

72. In addition to the conclusions contained in the Second Round Compliance Report on Bosnia and Herzegovina and in view of the above, GRECO concludes that recommendations i, iv and xvi have been satisfactorily implemented. Recommendations ii, iii, v, vi, viii, ix, x, xi and xiv remain partly implemented.
73. With the adoption of this Addendum to the Second Round Compliance Report, GRECO concludes that out of the 16 recommendations issued to Bosnia and Herzegovina, in total only 7 recommendations have now been implemented satisfactorily or dealt with in a satisfactory manner. GRECO acknowledges the steps undertaken to amend the legislative framework to better facilitate the detection and investigation of corruption offences (for example, with respect to the possibility to apply special investigative techniques to corruption offences, the introduction of extended confiscation, or the development of new instruments to assist in the fight against money laundering). A vast number of training seminars on financial investigations and confiscation of the proceeds of corruption has been organised across the country for police officers, tax inspectors, prosecutors and judges. Some progress has also been made in order to improve the level of cooperation and coordination between law enforcement bodies: the launching of a system of electronic data exchange between police authorities and prosecution offices and the setting-up of a Directorate for Police Coordination are steps in the right direction; it is now crucial that both, the data exchange system and the Directorate become fully operative in practice. The establishment of the Agency for the Prevention and Coordination of the Fight against Corruption responsible, *inter alia*, for the monitoring of the new Anti-Corruption Strategy and Action Plan (2009-2014), is a positive development; that said, it is essential for the credibility of the system that the operability

of the Agency is promptly secured and that implementation of the new Anti-Corruption Strategy is pursued with clear determination. Additional steps must be taken to better promote professional ethics and integrity in public administration: a Code of Conduct for civil servants at State level is still to be adopted, rules on pantouflage are to be further developed at Entity level, uniform implementation of conflict of interest legislation is to be attained, training on public ethics and risks of corruption must be provided on a regular basis, etc. No tangible progress has been made with respect to whistleblower protection mechanisms, in particular, to facilitate the reporting, in good faith, of suspicions of corruption and to efficiently protect whistleblowers from retaliation. Finally, GRECO notes that a number of technical assistance projects are ongoing/will be initiated in the anticorruption arena; GRECO is hopeful that these projects will assist the authorities to address, in an efficient and expeditious manner, the outstanding concerns raised in the present report.

74. The adoption of the present Addendum to the Compliance Report terminates the Second Evaluation Round compliance procedure in respect of Bosnia and Herzegovina. GRECO expects that further positive developments will be signalled in the near future to substantially step up the fight against corruption within the country. The authorities of Bosnia and Herzegovina may wish to inform GRECO of further developments with regard to the implementation of recommendations ii, iii, v, vi, viii, ix, x, xi and xiv.
75. Finally, GRECO invites the authorities of Bosnia and Herzegovina to authorise, as soon as possible, the publication of the Addendum, to translate it into the national languages and to make these translations public.