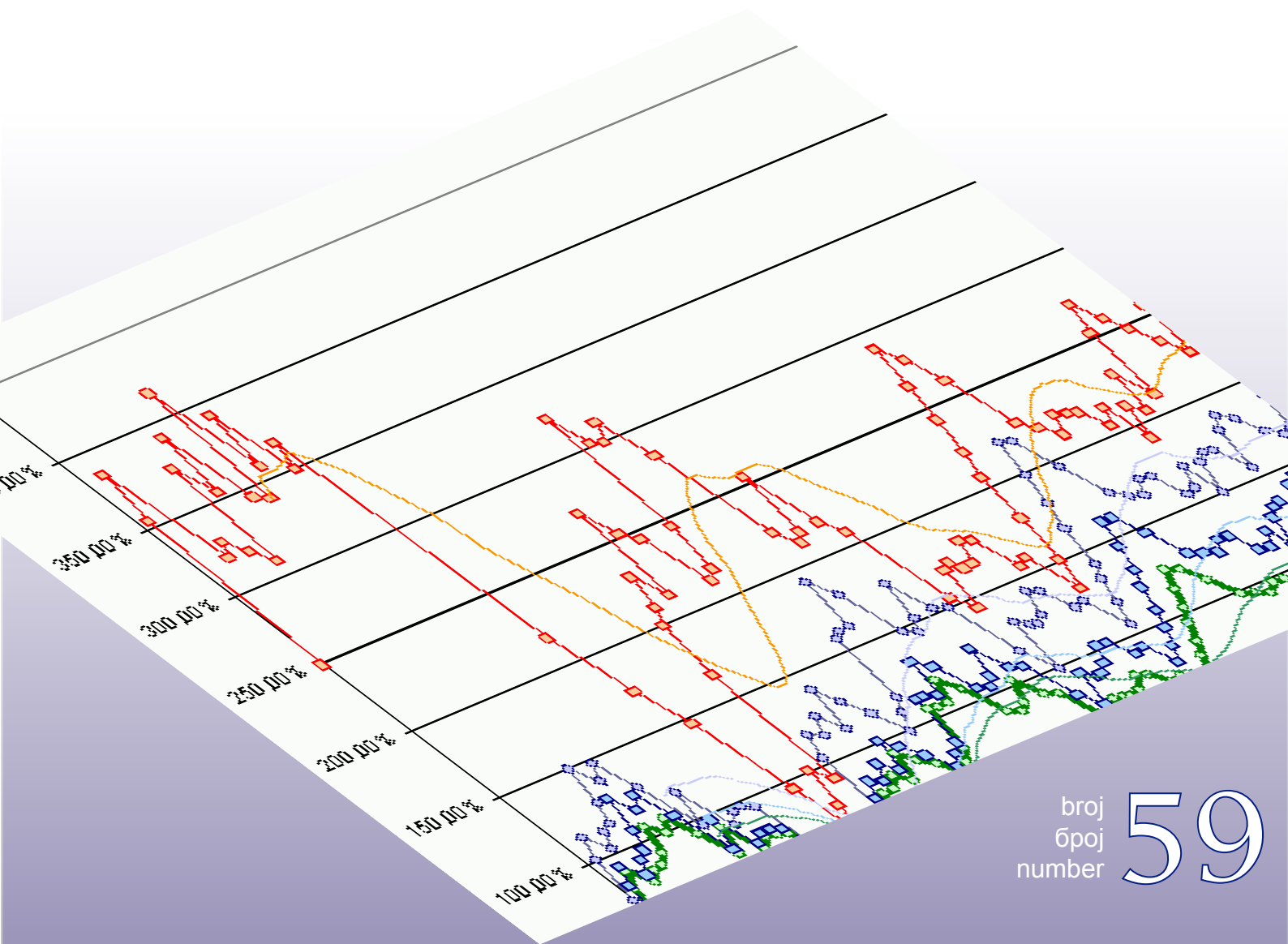




Macroeconomic Unit of the Governing Board of the Indirect Tax Authority

Oma Bilten



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With this issue

The high increase of collected revenues from indirect taxes in May is a good signal that the BiH economy slowly emerges from recession. Observed at the five month level, an increase of collected revenues of 7.8% corresponds to revenue collection projections for 2010 which are the basis for the development of global macro-economic framework of BiH. However, deeper analysis of the collected revenue structure shows that revenue increase results from the change in tax policy of cigarettes and petroleum products. After deduction of VAT charged on the difference in revenue coming from increased excise on cigarettes and dedicated road fee from the prices of oil products, it can be concluded that the consumption growth and economic activity increase have an insignificant effect on revenue collection increase, which is mainly related to the lower tax refunds. As expected, additional taxation influenced decrease of registered cigarette consumption, and, combined with the effects of global economic crisis on household's income and economy growth, affected decrease in oil product consumption too. Regarding slow increase of indirect tax revenue, fiscal authorities in BiH should focus on restructuring of expenditure, in order to make room for debt financing under Stand-By and other arrangements. However, limited resources do not necessarily limit scope of activities financed by those resources. ACIPS's study on the financial effects of public administration, presented in last two issues of the Bulletin, showed that, in conditions of limited technical, human and financial resources, activities of public administration can achieve better results by more effective allocation of resources, focusing them to identified priorities and using them effectively.

Dinka Antić, PhD
Head of Unit

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Technical design: Sulejman Hasanović, IT associate

Collection of indirect taxes: January-May 2010

(prepared by: Dinka Antić, PhD)

TOTAL REVENUES

According to the ITA preliminary report revenue collection is higher for 7,82% in the first five months compared to the same period in 2009. The increase of collected revenues from indirect taxes in May 2010 compared to May 2009 amounted 14,24%. Additional road toll fees and unadjusted revenues¹ are included in total indirect taxes in the amount of 21,128 million KM.

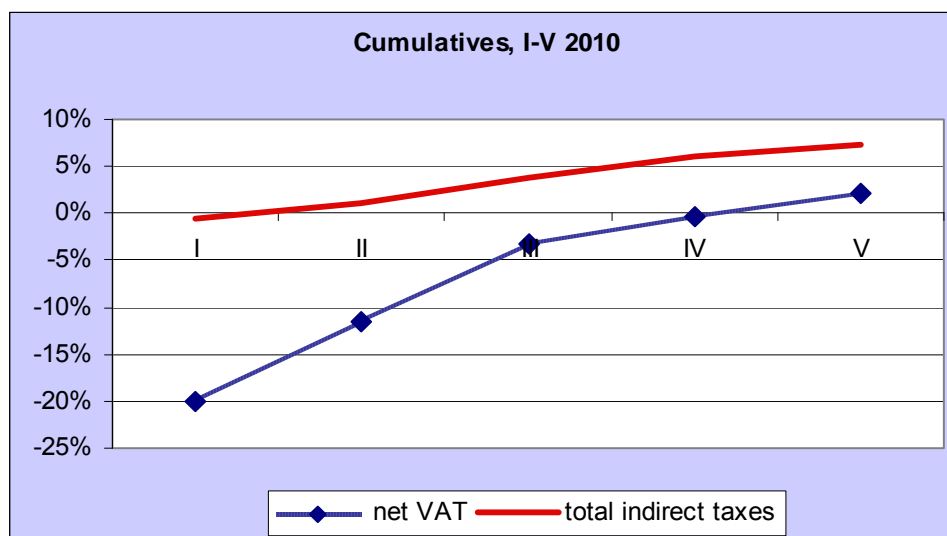


Chart 1

Trends of revenues from taxes on consumption are indicators of trends of consumption and economic activities. Considering that there were no changes in VAT policy, the comparison of net VAT collection for the period 2007-2009 is most reliable for evaluation of possible consumption recovery and increase of BiH economy. Comparing trend of cumulative of collected indirect taxes and net VAT in relation to first five months of 2009 we can notice a positive trend and coming out from the negative zone (Chart 1). From the comparison of monthly amounts of revenue collection given in Chart 2 it is implied that negative zone of indirect tax revenue collection lasted for five quarters. It started in fourth quarter of 2008, escalated in the first half of 2009 and in the end negative trend stopped and there was a mild recovery. This pattern corresponds to the crisis effect pattern in many countries of the world.

However, regardless the tendency of growth, the base for comparing revenue collection (2009) is very low and does not ensure necessary reliability level of conclusion on gradually consumption recovery in BiH. In Chart 3 cumulative total collection for five months is compared with VAT collection with the same period of 2007 and 2008. Comparing with the years preceded global economic crisis we can conclude that the current net VAT collection is above the one collected in the first five months of 2007 but it is still significantly below the one in 2008. Increase of collection of total indirect taxes in relation to 2007 is not much higher than the increase of net VAT because the effects of implementation of new Excise Law have been partly neutralized by postponing the

¹ Unadjusted revenues include collected revenues which could not be 'matched' with related returns and declarations recorded in other modules of ITA IT (VAT, excise,...)

implementation of SAA until 1st of July 2008, which brought more revenues in 2007 and part in 2008, and increased the base for comparison with 2010.

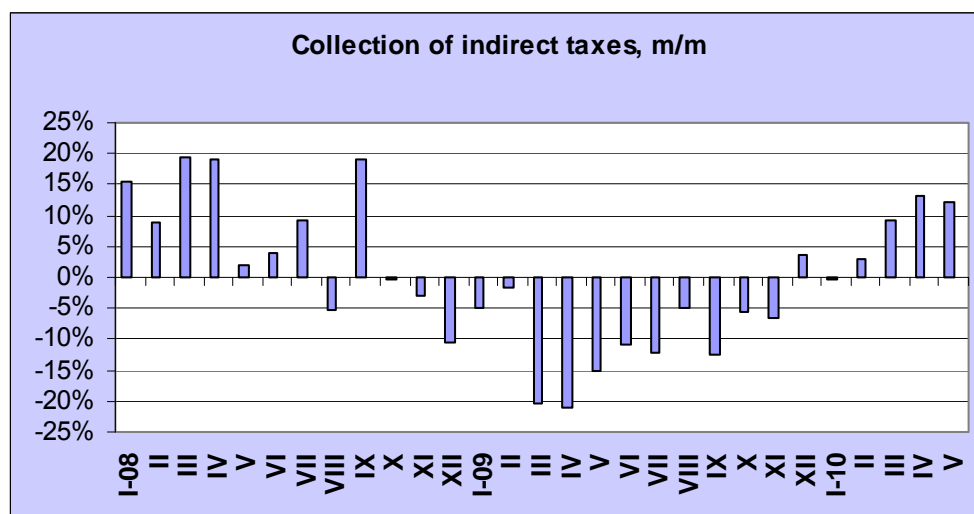


Chart 2

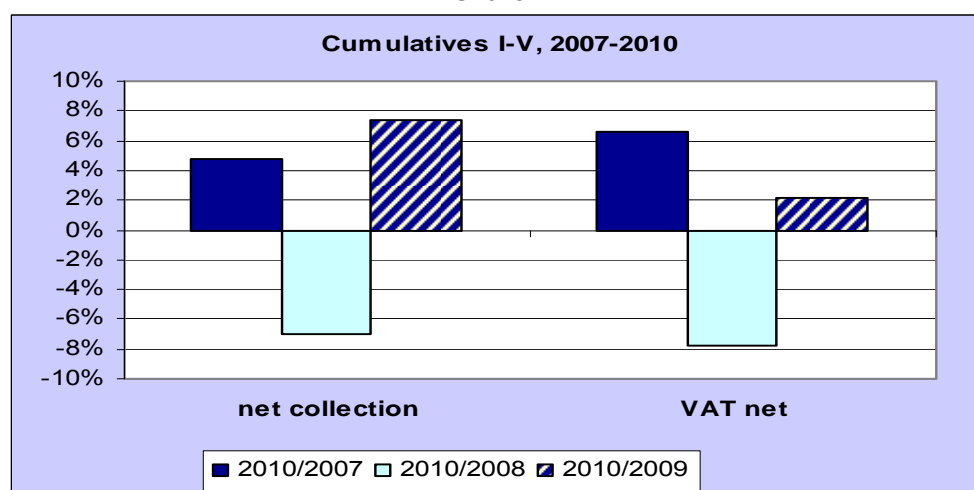


Chart 3

REVENUES BY TVPES²

Customs revenues

For the first five months it was collected 20,05% less revenues from customs and customs duties than in the same period in 2009.

Entering the third year of implementation of dynamic plan of abolishing customs and customs duties on goods originating from EU caused slower decrease of revenues, given that customs on import of most products from EU are partly or totally abolished in previous year of SAA implementation (Chart 4). In addition, there was a mild share increase of goods not originating from EU or CEFTA in total import. These trends influenced slower decrease of weighted average customs rate in first four months of 2008-2010:

² We note that unadjusted revenues have been excluded from the analysis of revenues by types.

	I-IV 2008	I-IV 2009	I-IV 2010
Weighted average customs rate	4,41%	2,91%	2,26%

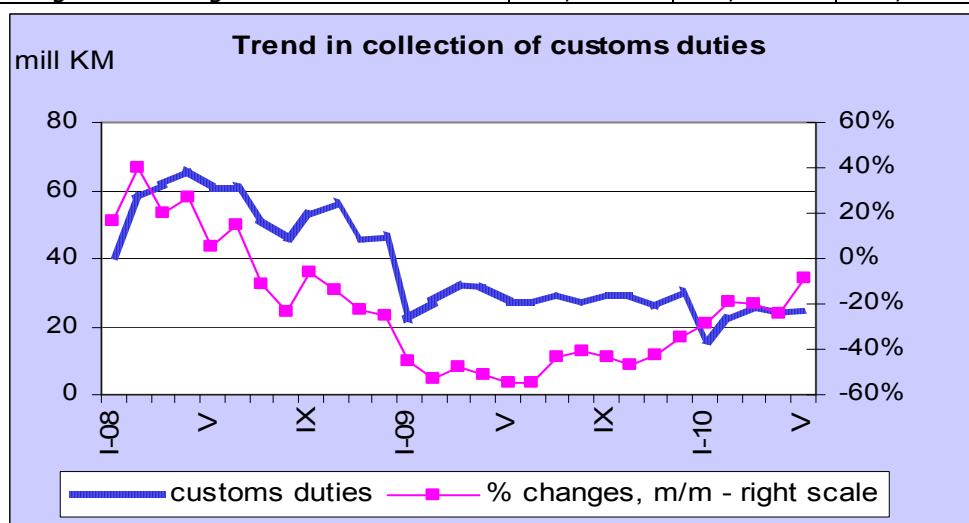


Chart 4

VAT

Third month in row, net revenues from VAT are higher comparing with the same month of 2009 (Chart 5).

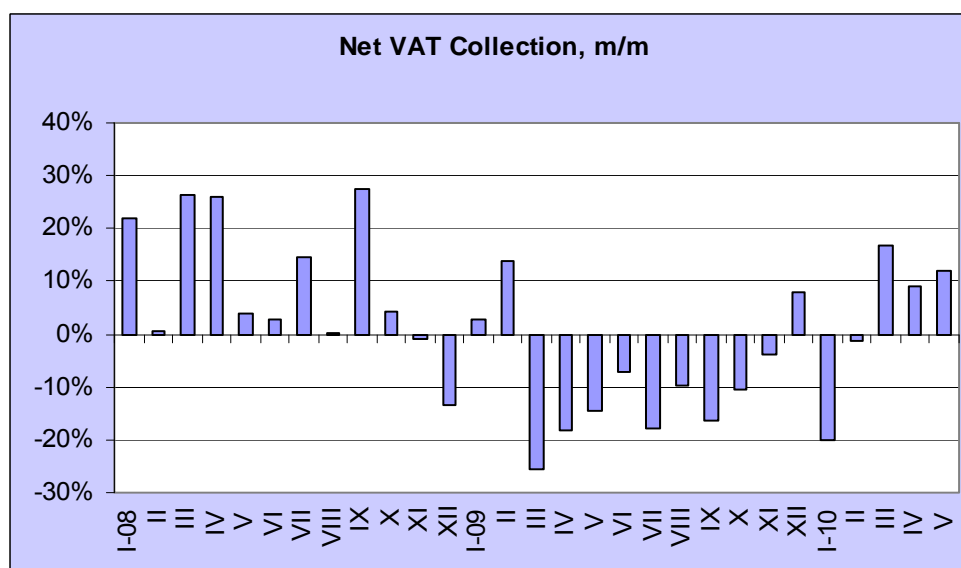


Chart 5

However, not until May, cumulative of net revenues from VAT got into positive zone (see Chart 1). A few factors influenced net VAT growth. Mild import growth led to increased gross VAT collection. At the same time, VAT collection had a mild increase. Those are the indicators showing consumption increase but also the increase of economic activities in the country. Moreover, export growth was also evident, which, with a mild delay, led to the increase of business activities in companies in the country related to the exporters. In order to have a realistic picture of a growth dimension, gross VAT collection was compared with trends prior to emerging the global crisis. As a reference point VAT structure from January 2008 was taken. We mention that this is the month in which the lowest amount of gross VAT was collected in 2008. As it can be seen from the Chart 6 at

the beginning of the fourth quarter it was collected for 80% more VAT on import than in January 2008 and VAT in the country at the level of January 2008. In May 2010 it was collected only 20% more VAT on import and according to returns in the country around 5% less than in January 2008. This indicates that the consumption volume, stated by increased import or domestic production growth, is significantly below the trend in 2008 (Chart 6).

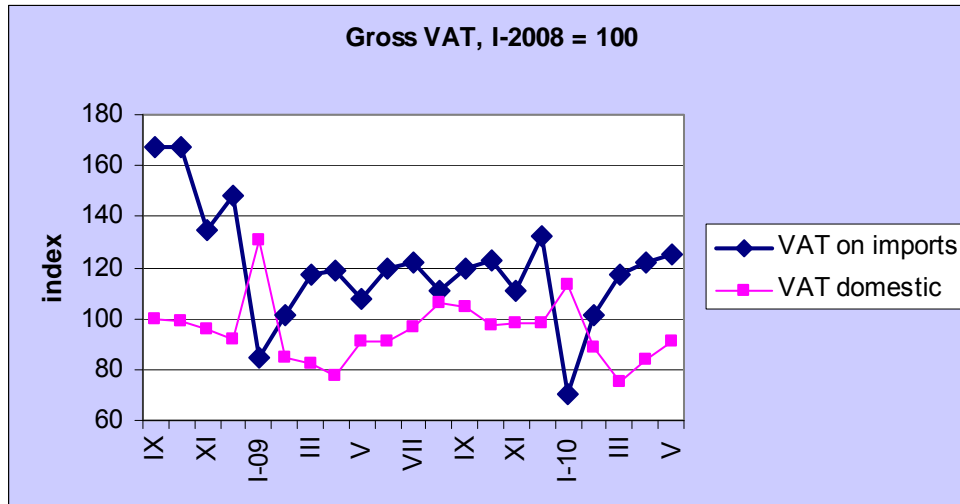


Chart 6

Besides these factors, lower VAT refunds were also affected the increase of net VAT collection. After significant oscillations at the end of 2008 and beginning of 2009, caused by illiquidity and tax payers' decisions for having refunds in cash instead of tax credits, there was a stabilisation from the second half of 2010. The percentage of refunds in relation to gross VAT is stable and amounts around 20% of gross VAT (Chart 7).

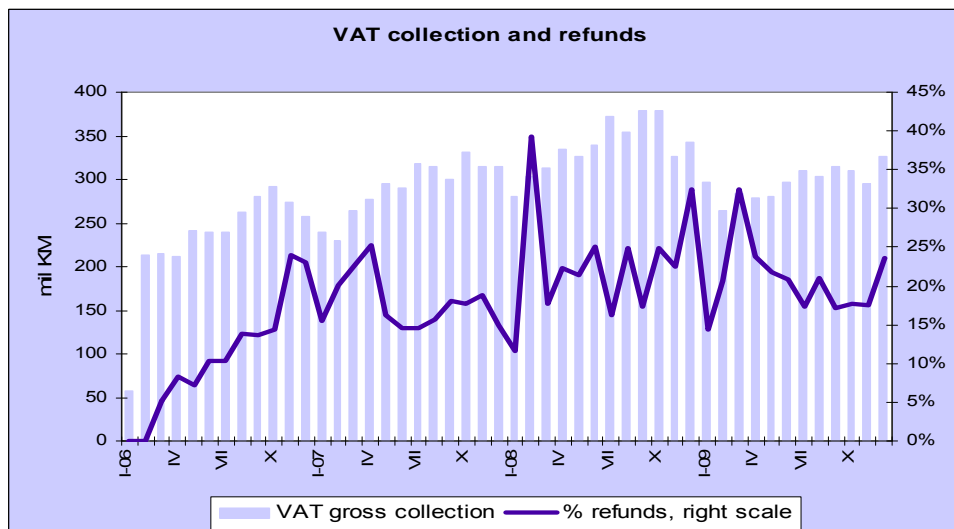


Chart 7

Data on processing requests for refunds and tax cards stated in VAT returns indicate the rhythm and dynamics of the outflow from the ITA Single Account in the following months. As expected, export growth in 2010 led to the increase of requests for refund and tax cards (Chart 8). Export growth as well as the increase of economic activities in the country, regarding terms of 30 and 60

days from the moment of submitting the VAT return for payment VAT refunds, will be reflected in increased refund payments in the following months.

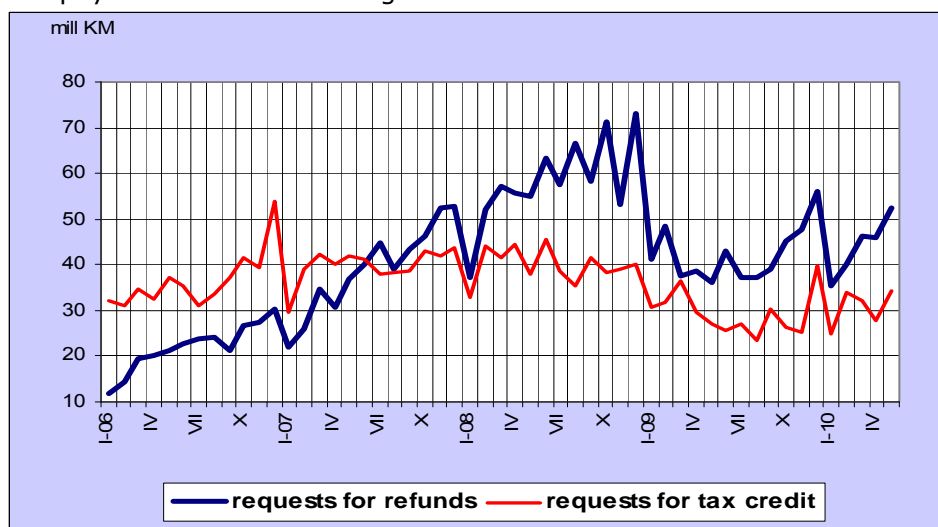


Chart 8

Revenues from excise duties

When observed cumulatively, revenues from excise and road taxes are stable. However, in May 2010 there was a drop of revenues from excises on energy generating-products, which was the indicator of reduction of derivative amount, imported or produced in the country. One of the possible causes for this occurrence is the increase of energy-generating product prices in the world market compared to the beginning of the year³. Besides, a serious decrease was also recorded in the collection of excise duties on the group of products such as beer, wine, alcohol, alcoholic and non-alcoholic beverages, which is surprisingly, considering the season and study of these products consumption among households and the young. On the contrary, in May, a significant increase of revenues from excise duties on coffee was recorded, so the slowdown related to the previous collection was somewhat reduced. Revenues from excises on cigarettes are stable and high, although the introduction of special excise and its increase as of 1st of January 2010 led to the expected reduction of consumption.

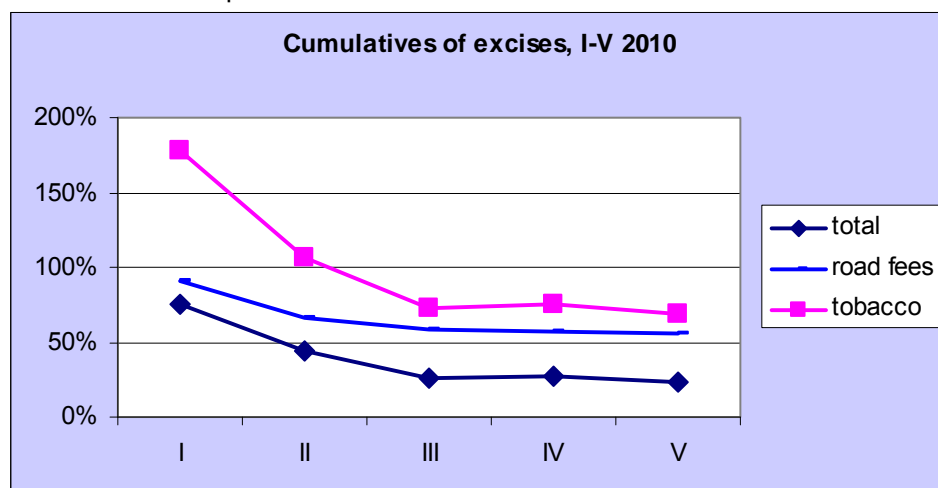


Chart 9

³ According to the ITA data on import of derivatives, the average growth of diesel price at the border amounted 10% in May.

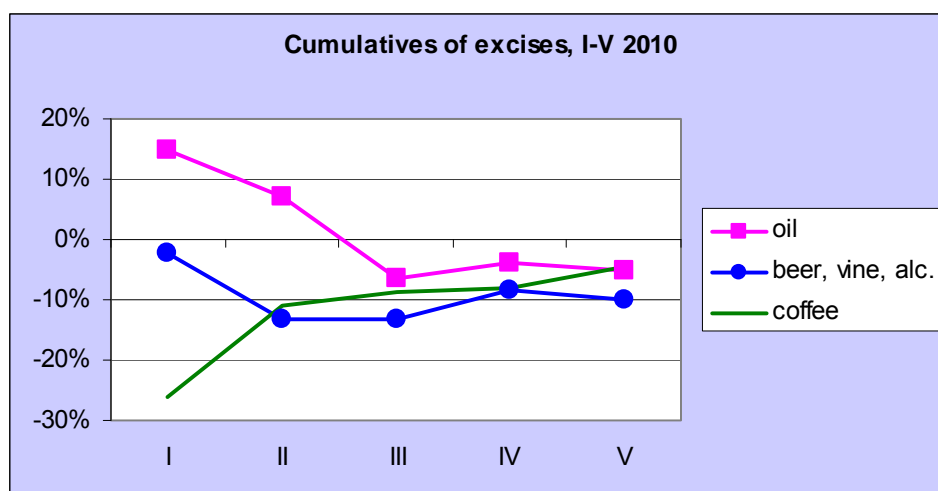


Chart 10

CONCLUSION

Observing the structure of revenues from indirect taxes it can be concluded that the increase of revenues from indirect taxes in the first five months has been mostly influenced by the increase of revenues from excises on cigarettes (cca + 100 million KM) and revenues from additional road tax from oil product price (cca +41 million KM). The increase of revenues from indirect taxes has been also positively influenced by mild increase of net revenues from VAT due to reduction of VAT refunds. On the other hand, total net effect reduced planned reduction of revenues from customs duties (-28,29 million KM), as well as mild decrease in collection of certain excise duties (cca - 12,5 million KM).

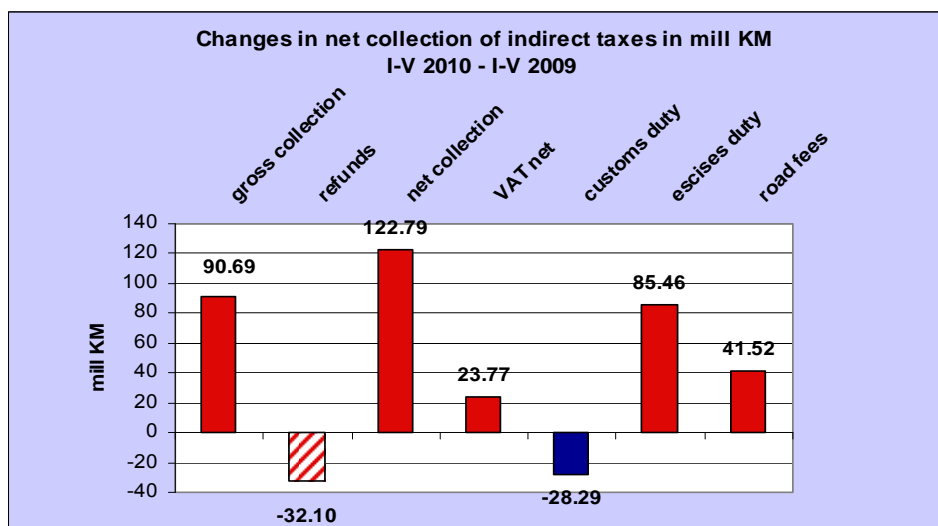


Chart 11

Public Administration Reform in BiH, overview, effects – Part II

(Author: Aleksandar Eskić, Macroeconomist in the Unit)

FOREWORD

Within the Program "Forum for European Integration - FEI" ACIPS's research team developed a study entitled "Quo vadis, Government?" on the public administration reform in BiH progress assessment. The study was conducted during the last quarter of 2009 and early 2010 and was finally presented on February 25, 2010 in ACIPS's premises. This way we present the second part of an article which indicates the main findings of the study, while a complete study can be viewed at ACIPS's website⁴.

DO WE HAVE MONEY?

Very often it can be heard by the highest officials that institutions of Bosnia and Herzegovina chronically suffer from a lack of money. So when talking to them we can hear they need only financial resources for the implementation of any reform measure and that lack of money causes the current tasks are still done the old way, but the inability to perform completely new functions and roles that are immanent to any reform. So this rule applies when talking about public administration reform in Bosnia and Herzegovina. Arguments that are most often heard are:

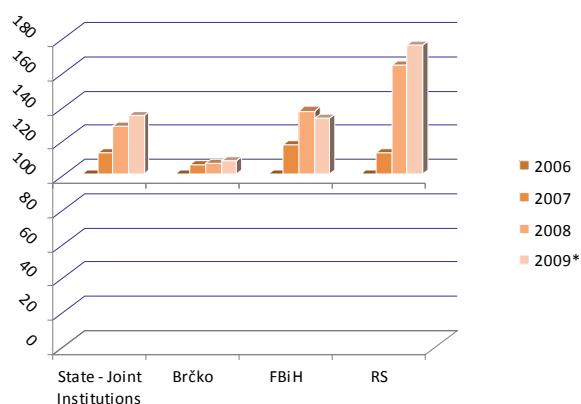
- Civil servants are not paid enough for the existing volume of work they perform while these government officials constantly emphasize that they do things that are not in their job descriptions and that they are not paid for that,
- The lack of material preconditions for their efficient work,
- Within the public administration labor force is insufficiently trained and that existing personnel are not adequately deployed who could cope with the burden of reform.

The used methodology understands comparison of selected groups of executed expenditures over the past three years with the same group of expenditures in 2006, as the base year. So we get the clearer picture of the trends of these types of expenditures in the observed period by all administrative levels. We can also see how public administration justify the investment of the economy and citizens that is how the public administration with the achieved level of expenditures contributed to the creation of a new, reformed environment that would be consistent with those in referent democratic societies, which we aspire to.

This leads to the conclusion that, despite increased spending on wages of employees in public administration, we did not get the expected effect in the field of public administration reform. Despite the increased number of employees in public administration, in the hope that we will in this way reach the required new knowledge and skills needed for successful transition of the system of public administration, despite the enormous increase in salaries and allowances as cash incentives for civil servants, what can be seen as increased efforts of taxpayers to have the contemporary public administration able to respond on the challenges of modern times, we conclude that the desired result failed. This conclusion can be drawn precisely on the basis of reports of all relevant national and international organizations that monitor and evaluate progress in the reform of public administration. If we add to the ultimate goal of public administration system that is reflected in the increase of wealth and welfare of the community, then only there is no reason for satisfaction. This is all the more so if we compare the increased appropriation for the salaries of public employees with a large drop of GDP as a measure of wealth and a newly created budget deficits and debts in 2009 that will further endanger the stability of public finances in the days to come.

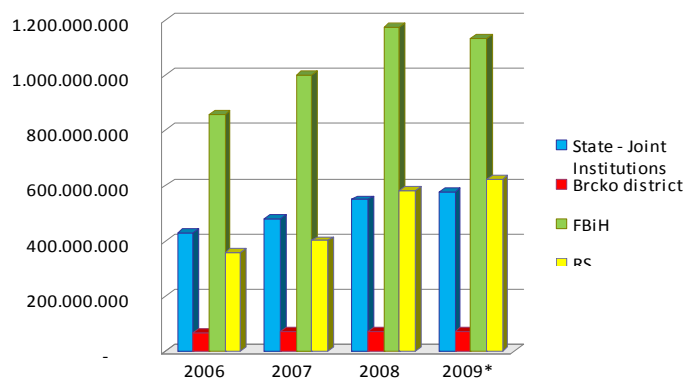
⁴ First part of the article published in the Bulletin #58.

Chart 1. Trend of expenditures for wages by governmental levels for period 2006 - 2009*



From the above chart it can be concluded that the administrative levels; state and the RS have the highest growth rate of the analyzed group of expenditures in the reporting period. However, if one wishes to analyze the amount (in absolute numbers) of these types of expenditures and make comparisons between the administrative levels, then the analysis must include the cantonal level of government. Only then entity levels become comparable because the judicial function, security, education, health care, etc. are within the competence of cantons in the Federation entity and the Republic of Srpska entity. In order to provide a better basis suitable for comparative analysis and drawing conclusions based on this analysis, we present the chart which refers to the cantons for the same group of expenditures, and encompassing the same observable horizon.

Chart 2. Trend of expenditures for wages for all 4 governmental levels + cantons



Only on Chart 2 it can be seen the actual domination of the Federation of BiH in terms of expenditures in respect of wages and benefits in relation to other administrative levels in BiH. If we start from the fact that administrative levels including the cantons of FBiH and RS have almost identical administrative responsibilities and tasks, then the question of justification in terms of size and cost of FBiH arises. If we put this phenomenon in relation to the results of the report on progress in implementing strategies of public administration by administrative levels, it can be seen that the Federation does not deviate significantly from the results of other administrative levels. We can conclude that the registered process could be accomplished with less investments in the massive administrative apparatus in the FBiH. It is a known fact that public spending in the Federation is extremely high, by far the highest in the whole region, and it turns out that to accelerate the reform of public administration should engage more human resources. This would

put in danger the reason of existence of the administrative level and administrative apparatus that would become his own purposes. At the same time this level of expenditures causes lack of resources for activities that would lead to the harmonization of administrative structures with those of the EU. This means that all administrative levels, especially the Federation, must comprehensively analyze the existing level of expenditures and results, which makes them very expensive administrative apparatus.

The question is what are the expectations in times to come when we talk about reform of public administration in Bosnia and Herzegovina. Undeniable fact is that the economic system of Bosnia and Herzegovina had a very good performance up to the fourth quarter of 2008. Gross Domestic Product (GDP) as a measure of the success of the economy, grew at an average rate of almost 6% in the last 5-6 years⁵. The reform of fiscal systems, particularly in the area of indirect taxes, has resulted in an enormous influx of funds in the budgets of all administrative levels. Budgets have almost doubled in the course of a few years. This means that the government of Bosnia and Herzegovina were in a position to initiate and implement various reforms including the reform of public administration. The results, as we can see the best from the Report on the implementation of measures from the Action Plan 1, are very modest. The question is what can we expect in time that is ahead us on the issue of reform of public administration when assessing decline of activities in 2009 by 6.1% (data refers to the region of Southeast Europe as a whole), then neutral growth in the coming years. All administrative levels` debt grow rapidly, which means that we will feel the consequences of these government actions quite soon and that the same will last for many years. According to the aforementioned Transition Report 2009 it increasingly recognizes the fact that a successful transition involves not only market mechanisms and private sector activity, but also the effective interaction between public and private sectors and **high-performing public institutions**. According to the latest report by the World Bank⁶, Bosnia and Herzegovina is on the last place on the ease of doing business and the attractiveness of business environment. And this is not the end for which we are at the far end compared with other countries in the region. There is also corruption perceptions index, which is usually related with the public sector, the convergence of the European Union as well as evaluating the dynamics of transition. So there is a real danger that the economic crisis has a strong influence on the process of transition, i.e. the reform activities in the country, including public administration reform. Especially if we bear in mind that it has been achieved very little or no progress in every respect thus far when the structural reforms are in question.

According to the Study`s findings following has to be done urgently:

- to insist on the implementation of public administration reform strategy and the reform measures set by the Action Plan defined dynamic
- expenditures in respect of wages and salaries and expenses for goods and services should be viewed as an investment, and if it does not provide the desired effects, it is urgently needed to analyze and redefine them
- consider these expenditures as a tax effort of the economy and citizens so as to act socially responsible accordingly
- improve efficiency and productivity of public administration, and introduce a system of de/stimulation for un/achieved results
- expenditures of government to harmonize with the economic growth that is not to allow them to continue to grow, which means that the relative tax burden of citizens grow, while the economy suffers

Undeniable fact is that BiH has missed a chance to reform the public administration system with much less effort and in far better economic conditions than those that are ahead. Fight for each

⁵ Transition Report 2009, European Bank for Reconstruction and Development

⁶ Doing Business 2009, World Bank

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KM from the budget will be tough and that we will, if the reform of public administration is not be placed high on the priority list, have the situation with which we can not be satisfied.

RECOMMENDATIONS

Analyzing of all the above sources the conclusion is that Bosnia and Herzegovina and its public administration are still facing numerous problems in meeting its domestic and international obligations. Key issues that were identified in the study, and refer to the too slow and inefficient process of the reform of public administration, were: lack of political will, lack of necessary knowledge and skills of reformers, and the unsatisfactory manner of the allocation and use of available financial resources.

Analyzing the up-to-present process of public administration reform in BiH from the perspective of (non) existence of political will, there has been a key problem: in BiH there is no political will for coordinated reform of public administration. Thus, the different administrative levels may be talking about more or less political will to reform public administration, while when entering into the sphere of the need for its coordination, political will is to "melt down". Therefore, it is not surprising another important conclusion of the research that relates to the fact that, viewed as a whole, public administration reform process in Bosnia and Herzegovina slows down.

Similarly, the success of the reform of public administration means the appropriate administrative education and possessing the administrative skills, at least by the critical mass of civil servants who are and will be the main carriers of reform efforts. Public administration in BiH at all administrative levels has not systematically resolved the issue of administrative education and training. The existing institutional and regulatory frameworks do not have enough capacity to meet the real needs of administrative education and training that must be considered as a strategic mistake. In other words, the reform of public administration began without proper preparation in terms of education and training of its key stakeholders.

When analyzing the financial aspects of public administration reform process, we start from the fact that any reform for the better requires certain financial assets. If we start from the fact that **the budget actually reflects the priorities and policies of those who develop and adopt it**, we can not be satisfied with a place where there is a reform of public administration. This is not, nor can it be subjective opinion of anyone, but should be considered in light of the commitments undertaken by Bosnia and Herzegovina when it entered into contractual relations with the European Union, primarily. It can be concluded that Bosnia does not allocate sufficient resources, nor the modest funds spends in a productive and economical way to boost the pace and adjust its administrative system with the requirements of the time, its economy and citizens. Also, funds in the Fund for Public Administration Reform under the Public Administration Reform Coordinator's Office in BiH are, after almost three years since the establishment of this fund, still almost completely unused and does not contribute to the purpose for which they are intended. Here, the project relating to the establishment of info desks certainly does not take into account that can be practically reduced to making a few (non) informative leaflets placed on a wooden shelf, which did not constitute a challenge even for a carpenter by profession so that this "project" can not be considered as a step forward in this field either. Therefore, businessmen and citizens still face the same problems they faced before while the state lost of little reputation it enjoys in international relations, and together we suffer the tyranny of the status quo. It is known that the stagnation in sociological science is treated as a form of regression which citizens of this country best feel the best on their own skin. Results are required from the public sector as a result of the reform process can not be measured by words but concrete actions and deeds only. In line with the above, activities of public administration must be in accordance with political objectives and decisions, with full respect of the beneficiaries. Although they made significant reform steps, there are still big challenges ahead in terms of creating the administrative capacity at all levels of

government to achieve standards that each country must meet before the call for full membership in the European Union.

Conclusions made by the researchers on the study when analyzing the factors of political will, administrative skills and the necessary financial resources, do not provide reasons for optimism concerning the success of public administration reform in BiH. The general conclusion can be reduced to one sentence in which it will be argued that there is no political will for coordinated reform of public administration, as well as the necessary modern administrative knowledge and skills of key reform forces responsible for the implementation of reform measures and activities, while the main problem of financial resources is not its scarcity, but inadequate allocation procedures and their distribution. The following are the main recommendations of studies aimed at resolving existing problems and to achieve desired goals.

LEARN, LEARN AND LEARN ONLY!

In the continuation of the reform process of public administration, administrative education and training must be given extra attention, which can be achieved by redefining the position of education and training in the existing strategic framework of public administration reform. In this sense, the actual preparation of the Action Plan 2 of PAR Strategy seems like an appropriate, but only possible, room for performing the aforementioned procedure. At the beginning it is necessary to consider of forming a Working Group for administrative education and training whose main task would be the development of a strategy for education and training needed for public administration reform. In addition to developing the aforementioned strategic document, the Working Group would be given following tasks to:

- 1) Enable communication and collaboration between all institutions involved in administrative education and training (the Civil Service Agency, international agencies, universities and colleges, NGOs);
- 2) Ensure communication and collaboration between all institutions involved in administrative education and training of governments in BiH with the Public Administration Reform Coordinator Office.

The strategy should include more active involvement of the academic community in the reform of public administration, primarily by initiating interdisciplinary Graduate Program in Public Administration field. Its basic mandate would be to establish a central point within the higher education system in BiH intended for academic study of public administration, fully aligned with the needs of public administration reform process. Establishment of NGOs that would be called "The Center for Public Administration" or "Administrative Academy", etc., would enable effective concentration of knowledge and skills from the NGO sector that public sector needs and to identify models of cooperation with institutional framework of public administration reform process.

INVEST IN THE RIGHT DIRECTION!

Appropriations for the training of civil servants are an indicator of the seriousness of approach in finding solutions to improve administrative structures. Also, expenditures in respect of wages and benefits, as well as expenditures for materials and services, should be seen as an investment, and if it does not provide the desired effects, they should be urgently analyzed and redefined. At the same time, it is necessary to further invest in people who are able to bear the burden of reform. Work and working results must be the only measure of compensation. This applies both at the individual level, and at the level of organizational units and an organization as a whole. The introduction of competitive spirit can be a way to free "sleepy" working and creative potential in public administration. By establishing the Fund for Public Administration basic rules and work procedures are created, but they have not yielded the expected results so far. It would be helpful to take into account the actual circumstances, such as different starting position when jointly started with the reform of the public administration and current different level of development

when making the selection of projects and obtaining funds for their financing, so that this instrument answered its purpose when meeting existing and future needs. Given the different starting positions of administrative levels, and currently various levels achieved in reforming the public administration would be useful to set aside part of the Fund for Public Administration Reform, which was aimed at administrative levels individually for the implementation of selected activities. That would be seen as moving from the dead point and make a small initial successes that would induce coordinated implementation of reform measures. It could be described as an appeal for a gradual convergence of all administrative levels of respect in this transitional period, their different needs. Our ultimate goal should be to remain continuously improving relations between investment and benefit from state services.

Furthermore, it should be introduced acceptable methods of "organizational memory", which is in accordance with ISO standards pertaining to public administration, and refers to the documentation of processes and procedures with clearly marked entry and exit information, the stakeholders and defined time frame for making planned decisions. Leaving traces in the written form of a memorandum of all relevant activities is crucial for the introduction of organizational memory. Every personal change, especially within the leading civil servants, causes unnecessary waste of time of "successors" until they get to know how far "predecessor" had come, and what is expected of him or her during the period that follows, which increases the cost of implementation of the reform measures and leaves no room for implementing other new reform measures. In addition, it is desirable that the new top or mid-level manager spends some time with the outgoing one in order to promptly and adequately inform about the important and urgent tasks facing the organization or organizational unit. Related to this it would be useful to estimate the costs caused by not-having "legally appointed" managers of some of the most important institutions in the country. There is no doubt that they are huge.

CONCLUSION

Up-to-present way of work did not provide necessary and desired results. Hyperproduction i.e. inflation of quasi-qualified personnel only made confusion and further violated the value system that is already seriously damaged and is very fragile. Consensus, as the supreme principle, should not be questioned and put to the test every day because it does not build a better future, but miss many chances for the overall progress of our community.

From activities of the Unit

Neum, May 27 to 29, 2010. - In organization of the consulting and publishing agency "Revicon" from Sarajevo, XI. International symposium was organized in Neum on the topic "European path of BiH in function of its development". In the section "Taxes", Dinka Antić, PhD, head of Macroeconomic Analysis Unit, gave a presentation on "VAT (r)evolution in the EU and implications on the VAT system in BiH". She described current measures of VAT policies in the State Members, as well as ongoing reforms of the VAT system in the EU, particularly regarding a reform of taxation of services and an application of the effective use and enjoyment criteria („EU&E”), introduction of the single set of rules for VAT grouping and VAT refunds rules for taxable persons established outside the EU. Dr. Antić underlined a need for bringing the BH VAT Law into line with the changes of the EU legal framework in order to ensure an equal taxable treatment of BH companies relating to competitors from the EU.

Banjaluka, June 9th, 2010 – Top-level staff members from 36 municipalities that are covered by GAP's regional offices in Banjaluka and Tuzla; Mayors and Budget and Finance Department Heads participated in the work of the Seminar "Managing municipalities in situation of revenue constraints" which was organized by the Governance Accountability Project⁷ (GAP). Aleksandar Eskic, Macroeconomist in the Unit, delivered a presentation on "Program Budget Development". The main goal of the presentation was to introduce to participants the basic features of the program-based budgeting process and key preconditions necessary for improving the existing practice in BiH municipalities as well. In his presentation, A. Eskic has emphasized following advantages of program-based budgeting process: (i) easy-to-understand format of planned and executed quality level of activities financed from the municipal budget by all stakeholders and citizens; (ii) working on program-based budgeting process municipal authorities are permanently incorporating and improving the principle of democracy into their decisions and activities which stands as one of their key priorities; (iii) program-based budgeting shows its advantages in full swing in the situation when municipal budgets record decreasing level of revenues and lower potential for financing their own activities; (iv) working on this, municipalities join their efforts with upper levels of government who have been working on program-based budgeting for several years. Examples of best practices of local authorities in the USA are shown in the presentation which the author, as a Hubert H. Humphrey Fellow, had visited during his one-year study visit in the USA.

⁷ Governnace Accountability Project has been implemented in several phases as from 2004 and includes 72 municipalities in Bosnia and Herzegovina. The Project is financed by USAID, SIDA and the Embassy of the Kingdom of the Netherlands.

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Consolidated reports

(authors: Aleksandra Regoje and Mirela Kadić)

Table 1. (Consolidated report: BiH, entities, SA)

1. The consolidated report includes:
 - revenues from indirect taxes collected by the Indirect Tax Authority on the Single Account,
 - transfers from the ITA Single Account for external debt servicing,
 - transfers from the ITA Single Account for financing Brčko District, cantons, municipalities and Road Directorates,
 - revenues and expenditures of the institutions of Bosnia and Herzegovina,
 - revenues and expenditures of the budget of the Federation of Bosnia and Herzegovina,
 - revenues and expenditures of the budget of the Republika Srpska.

Table 2.1.-2.3. (Consolidated report: Cantons)

1. The consolidated report includes:
 - revenues and expenditures of the cantonal budgets,
 - revenues and expenditures of the budgets of related municipalities
2. Net financing = loans received – repayment of debt

BiH: entities and SA, I-V 2010

	I	II	III	IV	V	Total
Current revenues	397,27	376,69	432,13	536,34	444,29	2.186,71
Taxes	366,66	344,7	391,22	446,35	414,47	1.963,41
Indirect taxes	349,58	325,06	351,17	378	393,51	1.797,33
VAT	203,17	206,85	223,46	232,17	246,86	1.112,51
VAT on imports	104,71	150,93	175,26	182,11	187,14	800,15
VAT from VAT returns	145,92	114,51	97,28	108,08	117,2	582,98
VAT from automatic assessment done by ITA	0,02	0	0	-0,01	0,06	0,08
One-off VAT payments	0,24	0,2	0,04	0,04	0,21	0,73
Other	2,11	2,38	1,88	2,49	2,24	11,11
VAT refunds	-49,83	-61,17	-51	-60,55	-60	-282,54
Custom duties	16,6	22,16	26,57	24,68	24,98	114,99
Sales tax	0	0	0	0	0,01	0,02
Excises	106,54	76,03	77,99	95,23	94,93	450,72
on imports	65,23	52,46	54,87	61,64	57,64	291,83
on domestic production	41,31	23,57	23,13	33,6	37,28	158,89
Railroad tax	22,98	19,17	22,29	25,62	26,63	116,68
Other	1,06	1,19	1,75	1,46	1,32	6,78
Other refunds	-0,77	-0,35	-0,88	-1,16	-1,22	-4,37
Direct taxes	17,08	19,64	40,05	68,35	20,97	166,08
Profit tax revenues	9,35	10,81	29,18	57,57	11,75	118,66
Income tax revenues	7,1	8,1	9,89	9,8	8,31	43,20
Other direct taxes	0,63	0,73	0,98	0,98	0,91	4,22
Contributions	0	0	0	0	0	0,00
Non-tax revenues	28,47	30,05	39,89	89,83	27,83	216,09
Grants	2,14	1,93	1,01	0,16	1,98	7,22
Expenditures on accrual basis	443,83	360,88	521,79	473,26	467,65	2.267,41
Wages and compensations	106,66	109,03	120,73	119,06	119,19	574,66
Purchases of goods and services	11,03	15,25	29,03	21,94	28,74	105,99
Subsidies and transfers	102,08	93,61	178,51	147,07	121,53	642,80
Interests (domestic and foreign)	2,47	3,67	10,97	5,16	8,97	31,24
Interests on foreign debt	2,47	3,57	9,09	5,14	8,97	29,24
Interest on domestic debt	0	0,1	1,88	0,02	0	2,00
Other current expenditure	4,6	10,71	9,75	9,75	14,44	49,24
Capital expenditures	12,14	12,27	17,32	5,13	6,35	53,23
Other expenditures	58,29	7,4	-27,16	10,11	9,33	57,98
SA transfers	146,76	109,34	185,74	155,61	164,4	761,85
o/w: BiH budget	0	0	0	0	0	0,00
o/w: FBiH/cantons, municipalities, Road Fund	104,84	77,11	150,31	120,5	124,96	577,73
o/w: RS/cities, municipalities, Road Fund	31,11	22,93	25,42	23,76	27,31	130,54
o/w: Brčko	10,81	9,3	10	11,34	12,13	53,58
Net lending and capital gains	-0,2	-0,4	-3,1	-0,56	-5,3	-9,56
Overall balance	-46,56	15,81	-89,67	63,08	-23,36	-80,70
Financing	46,56	-15,81	89,67	-63,08	23,36	80,70

Table 1.

Bosnian-Podrinje Canton, I-III 2010

	I	II	III	I-III 2010
1 Revenues (11+12+13+14)	2.789.712	2.491.593	2.466.264	7.747.570
11 Tax revenues	2.354.969	2.109.402	2.141.597	6.605.968
Income and profit tax	189.327	221.999	226.167	637.493
Property tax	20.780	44.620	14.972	80.371
Indirect taxes	2.144.691	1.842.553	1.900.165	5.887.409
Other taxes	171	230	294	695
12 Nontax revenues	325.862	285.449	235.582	846.893
13 Grants	95.845	93.354	84.982	274.181
14 Other revenues	13.036	3.388	4.103	20.527
2 Expenditures (21+22)	2.746.925	3.248.773	2.938.617	8.934.315
21 Current expenditures	2.746.925	3.248.948	2.938.792	8.934.665
Gross wages and compensations	1.766.073	1.821.355	1.860.522	5.447.950
Purchases of goods and services	431.172	363.368	431.632	1.226.171
Grants	497.920	1.063.364	645.833	2.207.117
Interests payments	51.559	862	806	53.227
Other expenditures	200	0	0	200
22 Net lending*	0	-175	-175	-350
3 Net acquisition of nonfinancial assets	47.007	30.182	118.454	195.643
4 Gov. surplus/deficit (1-2-3)	-4.219	-787.363	-590.806	-1.382.388
5 Net financing**	-154.063	-14.020	-15.213	-183.297

Table 2.1.

Central Bosnia Canton, I-III 2010

	I	II	III	I-III 2010
1 Revenues (11+12+13+14)	15.023.545	13.518.837	14.271.054	42.813.436
11 Tax revenues	12.536.490	11.209.102	11.627.750	35.373.342
Income and profit tax	1.711.595	1.699.951	1.867.334	5.278.879
Property tax	338.414	496.048	375.361	1.209.822
Indirect taxes	10.476.726	8.996.477	9.376.777	28.849.980
Other taxes	9.755	16.627	8.278	34.660
12 Nontax revenues	2.315.995	2.116.970	2.445.591	6.878.556
13 Grants	171.060	187.765	197.713	556.538
14 Other revenues	0	5.000	0	5.000
2 Expenditures (21+22)	12.723.697	13.776.924	15.845.223	42.345.844
21 Current expenditures	12.723.697	13.776.924	15.861.555	42.362.176
Gross wages and compensations	8.717.393	9.072.322	10.171.382	27.961.096
Purchases of goods and services	2.063.634	1.949.141	1.864.729	5.877.504
Grants	1.877.196	2.669.265	3.712.525	8.258.987
Interests payments	12.063	12.586	33.516	58.165
Other expenditures	53.411	73.609	79.403	206.423
22 Net lending*	0	0	-16.332	-16.332
3 Net acquisition of nonfinancial assets	-29.165	81.593	83.466	135.894
4 Gov. surplus/deficit (1-2-3)	2.329.013	-339.680	-1.657.635	331.698
5 Net financing**	-24.152	50.026	-22.443	3.430

Table 2.2.

Una-Sana Canton, I-III 2010

	I	II	III	I-III 2010
1 Revenues (11+12+13+14)	18.648.220	15.480.295	17.244.905	51.373.421
11 Tax revenues	14.407.195	12.536.359	13.513.640	40.457.195
Income and profit tax	1.349.476	1.472.730	2.174.561	4.996.767
Property tax	523.039	556.445	358.543	1.438.027
Indirect taxes	12.530.795	10.504.506	10.975.835	34.011.136
Other taxes	3.886	2.679	4.701	11.265
12 Nontax revenues	3.015.866	2.832.979	3.366.613	9.215.458
13 Grants	1.225.159	110.957	364.652	1.700.768
14 Other revenues	0	0	0	0
2 Expenditures (21+22)	12.839.992	17.370.140	18.208.180	48.418.312
21 Current expenditures	12.839.992	17.370.140	18.209.895	48.420.027
Gross wages and compensations	11.046.507	11.611.301	11.195.059	33.852.867
Purchases of goods and services	1.027.810	1.390.128	1.420.665	3.838.603
Grants	397.889	3.016.701	3.200.605	6.615.195
Interests payments	15.724	90.776	98.609	205.109
Other expenditures	352.062	1.261.234	2.294.957	3.908.253
22 Net lending*	0	0	-1.715	-1.715
3 Net acquisition of nonfinancial assets	102.275	483.704	328.660	914.639
4 Gov. surplus/deficit (1-2-3)	5.705.953	-2.373.549	-1.291.934	2.040.469
5 Net financing**	-17.891	-51.671	-39.948	-109.510

Table 2.3.