

better equipped in terms of human resources to be able to promote competition in the market, in particular by improving the market conditions for alternative operators and by ensuring the introduction and implementation of the necessary competitive safeguards. The capacity of the relevant sections in the Ministry of Transport and Communications also need to be strengthened.

The independent status of the RAK is well established, in particular the legal arrangements regarding their financial independence and the appointment of its Director General. The possible adoption of the draft Law on Wages and Allowances, which would bring the RAK within the civil service, could hinder RAK's independence. Ensuring the independence of the Agency (including maintaining their financial independence and the respect of the procedures in the appointment of the Director General) is of crucial importance to the development of the broadcasting and (tele)communications market.

No progress has been made to transform the Citizens Identity Protection System Directorate into a State-level Agency for Information Society in charge of implementing the Strategy for Information Society and its Action Plan, as well as of coordinating related activities throughout the country.

Progress has been made regarding **information society services**. Bosnia and Herzegovina has ratified the Council of Europe Convention on Cybercrime. Legislation on electronic commerce has also been passed. The e-signature law was adopted in November 2006 but the implementing by-laws still need to be adopted. Legislation for conditional access services has not yet been adopted.

Some progress has been made as regards **audiovisual policy and media**, in particular in approximating Bosnia and Herzegovina's legislation to the European Convention on Trans-frontier Television. The Advertising and Sponsorship Code has been revised in accordance with the Convention. The RAK has also started the revision of the Broadcasting Code of Practice. However, the Federation of Bosnia and Herzegovina has been unable to adopt the necessary public broadcasting legislation and the implementation public broadcasting reform continues to be delayed.

Bosnia and Herzegovina is not a party to the UNESCO Convention on Cultural Diversity. Ratifying this Convention is necessary for Bosnia and Herzegovina's participation in media-related Community Programmes.

Bosnia and Herzegovina's preparations in the field of information society and media are advancing, but particular efforts are necessary to tackle the outstanding issues of the adoption of a complete legal framework in the area of public broadcasting and the establishment of a State-level agency for Information Society. Real competition in the telecommunications sector needs to be achieved. The independence of the RAK needs to be preserved.

4.2.7. *Financial control*

Some initial steps have taken place in Bosnia and Herzegovina in the area of public internal financial control (PIFC). In November 2006, a working group at State and Entity level prepared Internal Audit Laws for all government levels, but the adoption of all the relevant laws has not yet been completed. In August, another working group was established to develop an overall comprehensive PIFC policy guaranteeing a balanced development of internal control and internal audit systems. So far, no Central Harmonisation Units has been established.

Limited progress can be reported regarding external audit. After new external audit legislation was adopted in 2006, the supreme audit institutions (SAIs) of Republika Srpska and of the Federation of Bosnia and Herzegovina have appointed new managements. At State level, appointment of the Auditor-General and Deputy Auditor-Generals has been due for over a year.

The SAIs report to the relevant parliaments. While the reports of the SAIs are widely available, there has been insufficient follow-up to the reports and to the SAIs' recommendations. No progress has been made to formalise coordination between the SAIs by establishing a permanent secretariat. In addition to the three existing SAIs, Brčko District has established its own SAI based on its own Audit Law, which is further fragmenting the system.

Overall, Bosnia and Herzegovina's progress in the area of financial control has been limited and preparations remain at an early stage.

4.2.8. Statistics

Cooperation between the Bosnia and Herzegovina Agency for Statistics (BHAS) and the two Entity statistical institutes has not improved. The 2005 Agreement, designed to strengthen the coordinating role of BHAS in harmonising methodologies and disseminating State-level data, has not been fully implemented. A Memorandum of Understanding has been signed between the Central Bank of Bosnia and Herzegovina and BHAS. A similar agreement is being prepared with the Indirect Taxation Authority in charge of collecting external trade data from the customs authorities.

Concerning classifications, legal acts have been adopted for the CPA (Classification of Products by Activity). Preparations are being made for the introduction of COICOP (Classification of Industrial Consumption by Purpose). The next steps will be to transpose the State laws into Entity laws and to implement the classifications as prescribed by the State-level agency in the various areas of statistics.

In the area of demographic and social statistics, initial steps have been taken to prepare a population census. Preparation for a population census in 2011 needs to continue as the lack of data is a serious handicap for policy design and implementation in the country. Regarding labour statistics, a second Labour Force Survey was organised.

Some progress has been achieved on compiling macro-economic statistics. The 2006 Consumer Price Index has been published. However, there is still no calculation of GDP at constant prices and preliminary estimates for the non-observed economy have been introduced in the national accounts. The plan for development of the national accounts in Bosnia and Herzegovina has been implemented as far as the reporting period is concerned. Quarterly accounts do not yet exist.

Structural Business Statistics are still not based on business registers. Almost no information is available at State level on transport and tourism. The same applies to energy statistics. The accuracy of external trade statistics is not sufficient even though some improvements such as the introduction of import and export price indices are being made.

There has been limited progress on agriculture statistics. Most data concerning agriculture are collected using non-harmonised methods, in particular for animal and meat production. There is no recent information on the structure of the agriculture sector. Work has started on the collection of agro-monetary statistics.