

На основу Правилника о стицању истраживачких и научних звања („Сл. гласник РС“ бр. 159/2020, 14/2023) – Прилог 3. — Врста и квантификација индивидуалних научноистраживачких резултата – Друштвене науке: креирања и анализа ефеката јавних политика, Научно веће Института за упоредно право, на седници од 12.03.2025. године, донело је

### ОДЛУКУ

ПРИХВАТА СЕ документ „Analysis Of The Civil Service Salary Systems In BiH Based On The Sigma Principles Of Public Administration“ ауторке др Александре Рабреновић, као студија и анализа јавне политике (M123).

### Образложење

Др Александра Рабреновић, виша научна сарадница Института за упоредно право, ауторка је документа „Analysis Of The Civil Service Salary Systems In BiH Based On The Sigma Principles Of Public Administration“. Именована је поднела Научном већу молбу да наведени документ буде прихваћен као студија и анализа јавне политике (M123), у складу са Правилником о стицању истраживачких и научних звања – Прилог 3. – Врста и квантификација индивидуалних научноистраживачких резултата – Друштвене науке: креирања и анализа ефеката јавних политика.

На основу наведеног, донета је Одлука као у диспозитиву.

ЗАМЕНИК ПРЕДСЕДНИЦЕ НАУЧНОГ ВЕЋА

Др Милош Станић





Ovaj projekat finansira  
Evropska unija

**JAČANJE UPRAVLJANJA  
LJUDSKIM RESURSIMA  
U BOSNI I HERCEGOVINI**

---

**ANALYSIS OF THE CIVIL SERVICE SALARY SYSTEMS IN BIH  
BASED ON THE SIGMA PRINCIPLES OF PUBLIC ADMINISTRATION**

Prepared by: Dr Aleksandra Rabrenović



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

### 1. INTRODUCTION

The salary system of civil servants is one of the basic elements of the human resource management system in the civil service. Bearing in mind that civil servants perform their work in the public interest, in constant contact with political representatives of the government, their legal position, which includes salaries and remuneration, needs to be subjected to a special legal regime, which will ensure that they perform impartially and professionally. The salary system should also enable the civil service to attract and retain quality staff that will be motivated to perform complex and responsible civil service tasks in an efficient manner.

The aim of this report is to analyse the existing salary systems of civil servants in the structures of the civil service / administration in BiH, and to assess their compliance with the European principles, which are contained in the Sigma document: *Principles of Public Administration*.<sup>1</sup> The report specifically analyzes Principle 5, Section on Public Service and Human Resource Management of the *Principles of Public Administration*, which sets out the basic standards for the salary of civil servants. In addition, the report further analyzes the compliance of the salary system at different levels of government in BiH with the *Methodological Framework for the Principles of Public Administration*,<sup>2</sup> which contains indicators of development in the area of the civil service salary system.

The report was prepared as one of the results of the project "Strengthening Human Resource Management in BiH", funded by the European Union. The preparation of the report included an analysis of regulations in the field of salaries of civil servants, as well as interviews with representatives of the main project beneficiaries in charge of conducting the salary policy: the Ministry of Finance and Treasury at the state level of BiH; Federal Ministry of Justice; Ministry of Administration and Local Self-Government of the Republika Srpska; and the Human Resources Subdivision of the Department for Professional and Administrative Affairs of Brčko District of BiH. The interviews were conducted during October 2020.

The report contains three main parts. The first part presents Sigma standards in the field of civil servants' salaries. The second part analyzes the salary systems of civil servants in relation to the Sigma principles, at all four levels of the government in BiH: the state level of BiH, Federation of BiH, Republika Srpska and Brčko District of BiH. In the last, third part of the report, conclusions related to all levels of the government are presented, as well as recommendations for improving the current situation in the area of civil service salary system.

---

<sup>1</sup> SIGMA/OECD, *Principles of Public Administration*, SIGMA/OECD, Paris, 2017.

<sup>2</sup> SIGMA/OECD, *Methodological Framework for the Principles of Public Administration*, SIGMA/OECD, 2019.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

## 2. SIGMA PRINCIPLES IN THE FIELD OF SALARIES OF CIVIL SERVANTS

### 2.1. Standards in the field of salaries of civil servants from the Principles of Public Administration

In order to elaborate in more detail the requirements of the European Commission in the field of human resources management for countries wishing to become members of the EU, SIGMA / OECD program<sup>3</sup> developed the document *Principles of Public Administration*, which was published in 2014. A significant place in this document is dedicated to the area of Civil Service and Human Resources Management, which contains standards related to the successful management of human resources in the civil service.

The area of salaries of civil servants is elaborated in detail through principle no. 5 sections on Civil Service and Human Resource Management. Within this principle, the need for the salary system to be based on job classification, for all elements of the salary to be determined by law, as well as for the system to be fair and transparent, is especially emphasized. Fairness and transparency are ensured by limiting the discretion of the manager in determining the variable part of the salary. The salary system should also provide a good basis for attracting and retaining civil servants with appropriate competencies. A detailed overview of principle number 5 is presented in table no. 1.

**Table no. 1. Basic principles of Sigma in the field of salaries of civil servants (within the field of civil service and human resources management)**

#### **Principle 5: The salary system is based on job classification; it is fair and transparent**

1. The basic principles of the salary system, including job classification, salary supplements, as well as the relationship between the basic salary and its variable part, are established by law to ensure the systematic, fair and transparent nature of the entire state administration. More detailed regulation of the payment system is established by bylaws. The regulations governing the salary system are applied in practice.
2. Salary allowances and other benefits for civil servants (e.g. allowances for family members, education, sickness benefits, maternity leave or work-related injuries) are established by law to ensure regularity in public administration and application in practice.

<sup>3</sup> Recognizing the importance of a well-organized and structured public administration in order to fulfill membership in all sectoral areas, the European Union established the Sigma Program (*OECD / SIGMA - Support for Improvement in Governance and Management*) in 1992, in cooperation with the Organization for Economic Cooperation and Development (OECD). The aim of the program is to support the activities of EU candidate countries in public administration reform. The program is mostly funded by the EU and is one of the main instruments of the European Commission to promote the development of public administration capacity of EU candidate countries.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

3. The discretion of managers in determining the variable portion of salary, allowances and bonuses is limited to ensure fairness, transparency and consistency of total earnings.
4. The system of salaries of civil servants provides a good basis for employment, motivation and retention of civil servants of appropriate competencies.

### 2.2. Salary indicators from the Methodological Framework for Principles of Public Administration

**Sigma has also developed a number of indicators to measure whether the countries being evaluated have achieved fairness and competitiveness in the civil service pay system.** Detailed indicators have been developed in the Methodological Framework for Principles of Public Administration, which was published in 2019.<sup>4</sup>

**The basic indicator for evaluating the salary system is fairness and competitiveness.** This indicator shows the extent to which the legislative framework and its application support the principles of fairness and transparency.<sup>5</sup>

**Within this indicator, several sub-indicators for the area of salaries have been developed, which are grouped into two parts: 1) the legal framework and structure of the salary system and 2) the efficiency and fairness of the salary system in practice.** The evaluator of the salary system for each of the individual indicators gives a certain number of points, in accordance with the explanations in the Methodological Annex. When all the points are added up, the overall state grade is obtained, which is evaluated in the area of civil servants' salaries. The description of indicators for the salary system is given in Table no. 2.

**Table no. 2. Indicator 3.5.1: Fairness and competitiveness of the civil service salary system - Methodological framework of the Sigma Principles of Public Administration**

| Sub-indicators   |   | Maximum number of points |
|--|---|--------------------------|
| Legal framework and salary structure                     |   |                          |
| 1.   | The classification of jobs is the basis for salary, which is determined by law      | 2                        |
| 2.   | Comprehensive, clear and transparent  | 2                        |
| 3.   | Defining the basic elements of salary, criteria and procedures for determining them | 3                        |
| Fairness and efficiency of the salary system in practice |   |                          |
| 4.   | Fairness in determining the basic salary  | 4                        |
| 5.   | Decompression factor: the difference between the lowest and highest basic salary    | 2                        |
| 6.   | Discretion of managers in awarding bonuses  | 2                        |

<sup>4</sup> SIGMA/OECD, *Methodological Framework for the Principles of Public Administration*, OECD publishing, Paris 2019.

<sup>5</sup> *Ibid*, 93.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

|    |   |   |
|----|---|---|
| 7. | Motivational character of the bonus (%)           | 2 |
| 8. | Competitiveness of salaries of civil servants (%) | 3 |

Source: SIGMA / OECD, Methodological Framework for Public Administration Principles, 2019.

### 2.2.1. Sub-indicator: legal framework and structure of the salary system

Within this sub-indicator, **the basic standard of Sigma is that the salary system must be based on job classification, as well as that all elements of the salary must be determined by the law.** The law should make it clear that job classification is the basis for determining salaries. In addition, the law should set out various elements of the salary, such as: basic salary and salary supplements (e.g. overtime allowance, night work, or performance-based benefits). The law should also clearly define the criteria and procedures for granting salary supplements, in order to prevent possible abuses.

**Transparency is also one of the important criteria to be evaluated.** Sigma requires that information on the salaries of civil servants should be easily accessible to civil servants and the public, so that they can be found on the websites of central institutions in charge of human resources. Easy availability of information means that only three searches (clicks) are needed to obtain the requested salary information. In this sense, Sigma requires the following:

- 1) That information on salary levels are to be stated in vacancies;
- 2) That information on average total salary levels for different job categories is easily available;
- 3) That general information on salary levels (from the salary scale) is easily accessible.

### 2.2.2. Fairness and efficiency of the salary system

**The next key principle is fairness in determining the basic salary, or the principle of "the same salary for the same job".** This principle implies that the salary of a certain job should correspond to the level of responsibility, complexity and importance of the specified job in the state administration system. In order to implement this principle, each job is subjected to an analytical assessment (classification), in order to assess the level of its responsibility, complexity and importance, and to determine the position in the job hierarchy (category, title) which is further linked to the appropriate pay grade.<sup>6</sup> The most commonly used methods for assessing / classifying public administration jobs in European countries are job classification and the factor scoring system.<sup>7</sup>

<sup>6</sup> In order for the analytical assessment of the job to be performed in an appropriate manner, it is first necessary to analyze in detail the main responsibilities and duties and compile a quality job description, which will be the basis for the analytical assessment.

<sup>7</sup> A. Rabrenović, V. Vlajković, D. Ahmetović, "Analytical job assessment", in: G. Virant et al, *Human resources management in the civil service, TT concept*, Sarajevo 2015, 73–86.





Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

Within the principle of fairness, Sigma insists on respecting the following elements:

- Procedures for determining the basic salary ensure the principle of fairness and equality;
- Less than half of civil servants are employed in senior expert positions and managerial positions;
- Wage statistics are kept (in Government reports), which include gender pay gaps;
- Statistics on salaries related to gender, i.e. differences in income between the genders, are publicly available and are not more than two years old.

The fairness of the wage system is also ensured by the existence of an **appropriate difference between the highest and the lowest wage, called the “decompression factor”**. A low level of decompression usually indicates that the highest positions in the state administration are not paid enough, and that therefore civil servants in lower positions are not motivated to advance to a higher position and take on a higher level of responsibility. A low level of decompression may also indicate that lower jobs are overpaid, which is less common in practice. Sigma in its Methodological Framework recommends that the decompression factor be between 1: 2 and 1:10, in order to ensure the fairness of the system.<sup>8</sup>

Finally, to ensure fairness, **managers must not have a high degree of discretion in determining bonus levels (performance-based salary supplements)**. The basic salary should be the main element of the total salary, so that it makes at least 80 percent, which contributes to the transparency of the system and the predictability of the salary fund levels. Also, a high degree of discretion in determining bonuses puts employees in an unenviable and envious position in relation to managers. For the same reason, giving benefits in goods and services (e.g. allocation of apartments, use of mobile phones, official cars) should not be a common practice. It is considered expensive to administer and provide this type of benefit, and that officials can easily be put at a disadvantage if managers are allowed to decide which officials to give such benefits to and whom to deny.

**In order for the salary system to be effective, it is necessary that the bonuses have a motivational character.** According to Sigma, this is possible only in a situation when only a part of civil servants receives a bonus, and not all or most civil servants. According to Sigma's methodology, bonuses have a strong motivational character if less than 50% of employees have received a bonus. The motivational character of the bonus is represented to a certain extent if between 50-70% of employees received a bonus, and it is not present at all if 70% or more of employees received a bonus on their salary.

**Competitiveness of salaries in the state administration in relation to the private sector is the next important principle.** In order for the state administration to be able to attract

---

<sup>8</sup> SIGMA/OECD, *Methodological Framework for the Principles of Public Administration*, OECD publishing, Paris 2019, 96.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

and retain staff with the appropriate knowledge, skills and motivation to do the job, it must be able to offer an appropriate level of salary, which will be able to meet the needs of its employees.

**According to Sigma's methodology, the competitiveness of salaries in the state administration is measured by comparing the average salary in the state administration with the average salary of employees who have tertiary education in the private sector.** The highest degree of competitiveness exists if this ratio is higher than 95%, a slightly lower degree of competitiveness exists if the degree of competitiveness of salaries in public administration is between 85-95%, and the mid-level of competitiveness is represented if the competitiveness is between 75-85%, while the low level competitiveness exists if this ratio is lower than 75%.

**Finally, the general standard in the area of civil service salaries, especially in times of adverse economic developments, is the principle of fiscal sustainability.** Although this principle is not particularly emphasized in Sigma's documents, it is important to note that in times of economic crisis, when countries try to reduce public spending, the issue of the amount or appropriate amount of wages is no longer a priority, but more attention is paid to the principle of fiscal sustainability. The principle of fiscal sustainability means the need of the total amount of salaries, i.e. salary fund, to be within budget constraints, and as such be sustainable in the future. In order to ensure this sustainability at a time when budget revenues are increasingly limited, a large number of countries are resorting to reducing the total salary bill by freezing or reducing public sector wage levels.<sup>9</sup>

### 3. ANALYSIS OF THE SALARY SYSTEM IN THE CIVIL SERVICE / ADMINISTRATION IN BIH

#### 3.1. BiH State level

##### 3.1.1. Legal and institutional framework

**The legal position of civil servants at the state level of BiH is regulated by the Law on Civil Service in the Institutions of BiH from 2002,<sup>10</sup> and the 2008 Law on Salaries and**

<sup>9</sup> OECD, *Public Sector Compensation in Times of Austerity*, OECD publishing, Paris 2013, <http://dx.doi.org/10.1787/9789264177758-en>, 15.5.2014.

<sup>10</sup> Law on Civil Service in BiH Institutions, Official Gazette of BiH, no. 19/02, 35/03, 4/04, 17/04, 26/04, 37/04, 48/05, 2/06, 32/07, 43/09, 8/10, 40/12 and 93 / 17, hereinafter: the Law on Civil Service in the Institutions of BiH.





Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

**Compensations in BiH Institutions.**<sup>11</sup> The status and rights of support staff - employees are regulated by the Law on Work in BiH Institutions.<sup>12</sup>

The institutional framework for human resource management at the state level consists of several actors. The Ministry of Justice is in charge of preparing regulations in the field of human resources management in all segments, except the area of salaries, while the Ministry of Finance and Treasury is in charge of conducting the salary policy of civil servants. The Civil Service Agency is in charge of enforcing regulations in the field of employment, training and keeping a register of civil servants. The Office of the Public Administration Reform Coordinator (PARCO) is in charge of the overall coordination of activities related to public administration reform at all levels of government in BiH.

In recent years, the BiH Council of Ministers has begun to pursue an active policy in the area of salaries of employees in BiH institutions, including civil servants. The need to involve the Council of Ministers in the area of wages is a consequence of the financial crisis that hit Bosnia and Herzegovina hard in the late 2000s and the need to maintain fiscal stability.

**The Council of Ministers determined the salary policy for the next period within the document "Salary and Remuneration Policy in the Institutions of BiH for the period 2019-2022".** It points out that any change in regulations governing salaries and remunerations in the institutions of Bosnia and Herzegovina will be based on detailed analyzes of the impact of changes in regulations on all relevant segments of macroeconomic stability, on the one hand, and established values of salary systems in institutions of Bosnia and Herzegovina, on the other side.<sup>13</sup> Accordingly, the most important principles set out in the document are the principles of reality and fiscal responsibility. This means that economic indicators in BiH must be the main basis for determining the amount of salaries and remunerations. On the other hand, the need for consistent application of the principle "same salary for the same or similar job" is emphasized. In addition, the need to continue stimulating the remuneration of employees who achieve outstanding results in the institutions of Bosnia and Herzegovina is emphasized, in accordance with the consistent application of the Decision on Framework Criteria for Awarding Cash Rewards to Employees in Institutions of Bosnia and Herzegovina. It is clear from the above text that the basic postulate of the salary policy is the principle of fiscal sustainability of the system, and that other salary principles are of secondary importance, which is a natural consequence of the financial crisis and the tendency not to repeat the threat to public finances in the future.

<sup>11</sup> Law on Salaries and Remunerations in the Institutions of Bosnia and Herzegovina, Official Gazette of BiH no. 50/2008, 35/2009, 75/2009, 32/2012, 42/2012, 50/2012, 32/2013, 87/2013, 75/2015, 88/2015, 16/2016, 94/2016 and 25 / 2018, hereinafter the Law on Salaries and Remunerations in BiH Institutions.

<sup>12</sup> Law on Labor in BiH Institutions, Official Gazette of BiH, no. 26/2004, 7/2005, 48/2005 and 60/2010.

<sup>13</sup> Decision on the adoption of the Salary and Remuneration Policy in the institutions of BiH for the period 2019-2020., Official Gazette of BiH, no. 53/2018.



Ovaj projekat finansira  
Evropska unija

### 3.1.2. Salary system structure and transparency

**The salary system of BiH civil servants is regulated by law and based on job classification, which is in line with Sigma principles.** The classification of positions in the civil service of BiH is determined by the Law on Civil Service, which established two basic categories of civil servants: senior civil servants and other civil servants. The managerial positions of civil servants are: secretary with a special task (head and deputy head of the institution), secretary, assistant minister, assistant director and chief inspector. Other civil servants are classified into four categories: head of internal organizational unit, expert advisor, senior expert associate and expert associate.<sup>14</sup> Determining the salaries of all categories of civil servants is regulated by the Law on Salaries and Compensations in the Institutions of BiH, which is in accordance with the Sigma principles.

**All salary elements, such as basic salary, salary supplements and bonuses (awards), are also determined by law, which is in line with the Sigma standards.** In the following text, we will briefly analyse all existing elements of the salary of civil servants.

**The basic salary is determined by multiplying the base for calculating the salary and the determined coefficient for each job.** Salary grades and coefficients for civil servants are determined by the Law, while the salary base is determined by the Council of Ministers of Bosnia and Herzegovina through a bylaw.<sup>15</sup>

**The Law on Salaries determines the right of employees to various benefits.** These are e.g. holiday pay and paid leave; compensation for meals during work; holiday pay; sick leave; maternity leave; overtime work, work on non-working days, night work and work on public holidays; transportation fee to and from work, etc.<sup>16</sup>

**The amounts of compensation for meals during work and holiday pay are determined by decisions of the Council of Ministers.** Compensation for meals during work is 8 KM for each working day spent at work,<sup>17</sup> which for 22 working days a month (on average) amounts to 176 KM. The amount of recourse is determined by the Council of Ministers of BiH by a bylaw by June 30 of the current year for the next year.<sup>18</sup> The amount of recourse for 2020 is determined in the amount of 300.00 KM.<sup>19</sup>

<sup>14</sup> Art. 7 of the Law on Civil Service in BiH Institutions.

<sup>15</sup> Art. 7 of the Law on Salaries and Remunerations stipulates that the salary base may not be less than 50 percent of the average monthly net salary in Bosnia and Herzegovina expressed annually for the calendar year preceding two fiscal years in the year in which the base will be applied.

<sup>16</sup> Art. 30 of the Law on Salaries and Compensations in BiH Institutions.

<sup>17</sup> Decision on modification of the Decision on the amount of financial compensation to employees in BiH institutions for food during work, *Official Gazette of BiH*, no. 28/19.

<sup>18</sup> Article 33, paragraph 2 of the Law on Salaries and Remunerations in the Institutions of BiH.

<sup>19</sup> Decision on the amount of holiday pay in the institutions of BiH, *Official Gazette of BiH*, no. 74/19.



Ovaj projekat finansira  
Evropska unija

## JACANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

**Salary grades and coefficients of civil servants in the Presidency and the Council of Ministers of BiH are presented in Annex no. 1 of this report.** The table also shows the salary base determined by the Decision of the Council of Ministers for 2020<sup>20</sup>, with compensation for meals during work and holiday pay, and zero step levels of the basic salary, with the mentioned allowances, but without the allowance for years of service.

**From the coefficients determined by the Law on Salaries, it can be noticed that the salaries of senior civil servants and heads of internal organizational units in the Indirect Taxation Authority are higher than the salaries of their colleagues in other administrative bodies.** This is not an isolated case in comparative practice. The salary coefficients of lower jobs are (such as, for example, an expert associate, a senior expert associate and an expert advisor), on the other hand, they are the same as in other administrative bodies.

It is interesting to note that the salary grades and salary coefficients of civil servants in the Council of Ministers and the Presidency are regulated by one provision of the law,<sup>21</sup> and salaries of other civil servants, who work in the Parliamentary Assembly of BiH, at independent and regulatory institutions, by other provisions of the Law.<sup>22</sup> This primarily points to the conclusion that the salaries of civil servants in different types of institutions are not the same. However, when a more careful analysis of salary grades and salary coefficients of civil servants in different institutions is performed, it is concluded that their levels are the same or almost completely uniform. From this, it can be concluded that the special presentation of the level of salaries of civil servants in various legal provisions is a consequence of the legislator's desire to make it easier to navigate the text of the law. On the other hand, an additional reason for the special presentation of coefficients may be that different institutions do not have a fully uniform classification of jobs, so their separate regulation provides additional certainty in the application of the law in practice.

**There is a number of salary supplements in the salary system of civil servants in BiH institutions.** Among them, the allowance for years of service for all civil servants stands out first, which amounts to 0.5 percent of the basic salary for each started year of work, and can amount to a maximum of 20 percent of the basic salary of civil servants.<sup>23</sup>

The law also provides for an allowance for special working conditions, which is paid to certain groups of employees, such as, inter alia:

- 1) persons assigned to positions with special authorizations in the Indirect Taxation Authority of BiH, individually up to 30 percent of the basic salary;<sup>24</sup>

<sup>20</sup> Council of Ministers of BiH, Decision on the amount of the base for calculating the salary of employees in the institutions of BiH for 2020, CoM, no. 184/20 of 2 September 2020.

<sup>21</sup> Art. 11 of the Law on Salaries and Remunerations in BiH Institutions.

<sup>22</sup> Art. 9 and Art. 21 of the Law on Salaries and Remunerations in BiH Institutions.

<sup>23</sup> Art. 26, para. 1, point 1 of the Law on Salaries and Remunerations in BiH Institutions.

<sup>24</sup> Art. 26, para. 1, point b2 of the Law on Salaries and Remunerations in BiH Institutions.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

- 2) veterinary, phytosanitary and other inspectors performing work at border crossings, up to 15 percent of the basic salary;<sup>25</sup>
- 3) employees of the Civil Aviation Directorate of BiH who perform air traffic management and control activities, maximum 30 percent of the basic salary;<sup>26</sup>
- 4) employees with higher education who perform complex IT and application tasks for maintenance and development of management applications in BiH institutions, up to 50 percent of the basic salary;<sup>27</sup>
- 5) persons who perform the most complex professional tasks directly in connection with the performance of the duties of a regulator in regulatory bodies, up to a maximum of 50 percent of the basic salary.<sup>28</sup>

In addition to these "usual fees", there is one that is also found in some comparative systems, and that is the **fee for performing the work of another job**. The right to this compensation is exercised by a civil servant when he temporarily performs the work of another civil servant, in the amount of up to 35 percent of his basic net salary. However, this right is also subject to certain restrictions so as not to be abused in practice. Namely, the Law stipulates that the compensation for the temporary performance of the duties of another civil servant can be approved only when a competition has been announced for filling a specific job, and can be paid for a maximum of three months. In exceptional cases, the allowance may be paid for more than three months if it is a matter of performing another job due to illness or maternity leave of a civil servant. The right to this compensation is obtained by issuing an appropriate decision, with the prior consent of the BiH Civil Service Agency.<sup>29</sup>

**Compensation for performing other jobs is, however, given in some BiH institutions to civil servants for a longer period of time,<sup>30</sup> and for performing jobs that have not been filled for several years, which is not in accordance with the existing regulations.** Institutions must ensure that the job is done, but the question is whether appropriate action is being taken to fill the vacant job positions. In this way, civil servants who continuously receive this compensation are placed in a privileged position compared to other civil servants. On the other hand, the work capacities of the ministries that use this practice are significantly reduced, because officials are not hired to perform the vacant jobs in full.

**Compensation for transport to and from work, established by the Law on Salaries and Compensations and bylaws, is still not applied in an economical and efficient manner.** The Council of Ministers of BiH and the Ministry of Finance and Treasury of BiH adopted bylaws for the reimbursement of transportation costs in 2009 and 2017, aimed

<sup>25</sup> Art. 26, para. 1, point b3 of the Law on Salaries and Compensations in BiH Institutions.

<sup>26</sup> Art. 26, para. 1, point b7 of the Law on Salaries and Compensations in BiH Institutions.

<sup>27</sup> Art. 26, para. 1, point b8 of the Law on Salaries and Compensations in BiH Institutions.

<sup>28</sup> Art. 26, para. 1, point e of the Law on Salaries and Remunerations in the Institutions of BiH.

<sup>29</sup> Art. 38 of the Law on Salaries and Remunerations in BiH Institutions.

<sup>30</sup> Audit Office of BiH Institutions, "Annual Audit Report on Main Findings and Recommendations for 2019", No: 06-16-1-846 / 20, Sarajevo, September 2020.



Ovaj projekat finansira  
Evropska unija

## JACANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

at establishing efficient, economical and rational spending of budget funds for these purposes, as well as harmonizing the application of these bylaws at the level of BiH institutions, however, the findings of the Audit Office Report from 2019 indicate that despite the efforts made, at the level of BiH institutions there is still no uniform, transparent procedure for exercising the right to reimbursement of transportation costs, which would timely record illogicality's and eliminate errors and doubts about the possibility of abuse and ensure economical and rational spending of public funds.<sup>31</sup>

**The salary system at the state level of BiH provides an opportunity for the advancement of the employee within the pay grade of the job, which should start to be applied at the end of 2020, which is a noticeable improvement.** Criteria for the promotion of employees within the pay grade are determined by the Methodology for the assignment of employees within the pay grade, which was adopted by the Council of Ministers in 2011<sup>32</sup>, but which, due to chosen public policies, has not been applied in the past decade. The Council of Ministers adopted amendments to this methodology in October 2020. Based on the amendments to the Methodology, the year from which the fulfilment of the employee's conditions for promotion to a higher salary grade will start is 2016. The criteria for promotion are: performance appraisal;<sup>33</sup> length of positively assessed length of service in the same job; and advocacy and acquisition of professional and scientific titles in the field that falls under the core business of the institution BiH.<sup>34</sup>

**Introduction of horizontal progress at the end of 2020, based on the evaluation results from 2016-2019, is not, however, in line with the principle of legal predictability, and may encounter implementation problems due to the fact that many managers have not evaluated their employees in previous years.** Since the promotion system was not expected to be activated in 2020 (although the pressure from the unions was constantly increasing), many employees did not expect this, accepting the frequent practice of non-evaluation in previous years. This is confirmed by the report of the Audit Office of BiH for 2019, which states that a significant number of BiH institutions do not conduct the evaluation of civil servants and employees, or do the same only partially.<sup>35</sup> Therefore, the

---

<sup>31</sup> Audit Office of BiH Institutions, "Annual Audit Report on Main Findings and Recommendations for 2019", No: 06-16-1-846 / 20, Sarajevo, September 2020.

<sup>32</sup> Council of Ministers of BiH, Methodology for assignment of employees within the pay grade, CoM no. 235/11, 26.9.2011.

<sup>33</sup> In accordance with Article 4 of the Methodology, the employee is promoted to a higher internal salary grade in the following cases: when in the last two evaluated calendar years, he / she continuously receives the grade "particularly successful"; when in the last four evaluated calendar years, he / she has continuously received at least a grade of "successful"; when he/she is returned or when he/she returns to work after a period of at least four years spent in a public, advisory or similar position at the level of the institutions of Bosnia and Herzegovina, provided that his/her work for the specified period is positively evaluated. Promotion is made in relation to the salary grade in which the employee was before the appointment to any of the above positions.

<sup>34</sup> Art. 54, para. 5 of the Law on Salaries and Remunerations in BiH Institutions.

<sup>35</sup> Audit Office of BiH Institutions, "Annual Audit Report on Main Findings and Recommendations for 2019", No: 06-16-1-846 / 20, Sarajevo, September 2020.





Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

problem in the implementation of the new system of promotion within pay grades may occur in institutions that have not regularly evaluated their employees in the past few years.

**The salary system is largely transparent, with certain shortcomings.** Information on the salary level is stated in the public vacancies, while general information on salary levels from the salary scale is available in the Law on Salaries and Remunerations in BiH Institutions, which is available on the website of the Ministry of Finance and Treasury, which is in line with Sigma standards. The problem, however, is that the Law on Salaries and Remunerations in BiH Institutions has been the subject of as many as twelve changes since 2008, so it is difficult to gain a clear and quick insight into the entire text of the law without an official consolidated version. In addition, at the state level, no statistics are kept on average total wage levels for different job categories, which is not in line with Sigma principles.

**A special problem at the state level of BiH is the different way of calculating the salaries of civil servants depending on whether they have a residence, due to the existence of different tax policies in the field of salaries in the entities and Brcko District.** Given that the tax policy is the responsibility of the entities and Brcko District, existing differences in this area lead to civil servants performing the same tasks in BiH institutions having different levels of net salaries, only depending on their place of residence.<sup>36</sup>

### *3.1.3 Fairness and efficiency of the salary system*

In 2013, a system of job classification based on the job classification method was introduced at the state level in BiH, which provides a basis for the fairness of the salary system. Analytical assessment was introduced by the Decision on Classification of Jobs and Criteria for Job Description in the Institutions of Bosnia and Herzegovina.<sup>37</sup>

**The decision introduced general job descriptions and established criteria for classifying the jobs of other civil servants.** General Job descriptions are shown in Table no. 3. Criteria for job classification include: complexity of work, independence in work, time to do work, comprehensiveness, business communication and teamwork.<sup>38</sup>

**Table no. 3. Classification of jobs, general job descriptions and conditions for their performance at the state level of BiH**

<sup>36</sup> Audit Office of BiH Institutions, “Annual Audit Report on Main Findings and Recommendations for 2019”, No: 06-16-1-846 / 20, Sarajevo, September 2020.

<sup>37</sup> Decision on Classification of Jobs and Criteria for Job Description in Institutions of Bosnia and Herzegovina, *Official Gazette of Bosnia and Herzegovina*, no. 30/2013.

<sup>38</sup> Art. 17 Decisions on job classification and criteria for job descriptions in the institutions of Bosnia and Herzegovina.





Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

| Managing civil servants                 |   |
|---|---|
| Secretary with a special task           | <p>– performs the duties of the head and deputy head of the institution and is responsible for performing special tasks determined by the decision of the Council of Ministers of Bosnia and Herzegovina or other regulations.</p> <p>Prerequisites: university degree, passed professional administrative exam, at least 7 years of work experience in the profession</p>  |
| Secretary                               | <p>- performs managerial tasks and coordinates the work of all basic organizational units and independent internal organizational units within the institution, with the aim of implementing the tasks determined by the work program of the institution;</p> <p>- is responsible for the use of financial, material and human resources in the institution.</p> <p>Prerequisites: university degree, passed professional administrative exam, at least 5 years of work experience in the profession</p>  |
| Assistant Minister / Assistant Director | <p>- manages the basic organizational unit for which he/she is in charge and in that regard organizes the performance of all tasks within the competence of that unit;</p> <p>- is responsible for the use of financial, material and human resources allocated to the basic organizational unit.</p> <p>Prerequisites: university degree, passed professional administrative exam, at least 5 years of work experience in the profession</p>   |
| Chief Inspector                         | <p>- manages the inspectorate for which he/she is in charge, plans and organizes inspection supervision.</p> <p>Prerequisites: university degree, passed professional administrative exam, at least 5 years of work experience in the profession</p>  |
| Other civil servants                    |   |
| Head of internal organizational unit    | <p>– coordinates the work of the unit and is responsible for organizing and performing tasks within the competence of the organizational unit; assigns tasks to civil servants and employees and gives more detailed instructions on how to perform those tasks, ensures timely, legal and correct performance of all tasks within the competence of the organizational unit and performs the most complex tasks within the competence of the internal organizational unit;</p> <p>– Is responsible for the use of financial, material and human resources allocated to the internal organizational unit.</p> <p>Prerequisites: university degree, passed professional administrative exam, at least 4 years of work experience in the profession</p> |
| Expert advisor                          | <p><b>high degree of complexity of tasks</b> - the most complex tasks that include recognizing problems and finding solutions without the use of forms, high expected degree of improvement of work with proposing new ways of solving;</p>   |



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

|                  |   |
|------------------|---|
|                  | <p><b>high level of independence in work</b> - deciding on the most complex professional issues is limited only by the general guidelines of the head of the basic organizational unit;</p> <p><b>time - effective work</b> for a longer period of time continuously on specific jobs; the need for comprehensiveness - simultaneously performing multiple jobs in related but not narrowly specialized areas of work;</p> <p><b>high level of business communication</b> - frequent business communication at a high level, the purpose of which is to provide advice and collect or exchange important information that is important for the work of the institution;</p> <p><b>Team work</b> - performing complex tasks in a short period of time, using complementary knowledge and skills of several employees who are committed to common business goals.</p> <p>Prerequisites: diploma of higher education and at least 3 years of work experience</p>   |
| Senior Associate | <p><b>higher degree of job complexity</b> - complex jobs which, by applying simpler methods of work, influence the achievement of the goals of the work of the internal organizational unit;</p> <p><b>higher level of independence in work</b> - independence in work and decision-making is limited by general and individual directions and instructions of the head of the internal <b>organizational unit</b>;</p> <p><b>time - effective work</b> in a short period of time continuously on specific jobs;</p> <p><b>the need for comprehensiveness</b> - requires performing more work in related but not narrowly specialized areas of work;</p> <p><b>intermediate level of business communication</b> - contacts inside and outside the body, in which information that serves to achieve the goals of the institution is effectively transmitted;</p> <p><b>Team work</b> - performing work in a short period of time, using complementary knowledge and skills of several employees who are committed to common business goals.</p> <p>Prerequisites: diploma of higher education and at least 2 years of work experience</p> |
| Associate        | <p><b>lower level of job complexity</b> - most often precisely defined, simpler jobs in which established methods of work, procedures or professional techniques are applied;</p> <p><b>lower level of independence in work</b> - independence in work is limited by occasional or constant supervision of the head of the internal organizational unit and his/her help when solving complex professional problems requires additional knowledge and experience;</p> <p><b>time</b> - the nature of the work requires continuous effective work in a short period;</p>   |



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

|  |   |
|--|---|
|  | <p><b>the need for comprehensiveness</b> - narrowly specialized jobs;</p> <p><b>lower level of business communication</b> - contacts mainly within the body, and occasionally outside the body if it is necessary to collect or exchange information;</p> <p><b>Teamwork</b> - jobs usually do not require teamwork.</p> <p>Prerequisites: diploma of higher education and at least 1 year of work experience</p> |
|--|---|

Source: Decision on job classification and criteria for job description in the institutions of Bosnia and Herzegovina

**Classification of posts is required, however, only for the lowest official posts, such as the posts of expert associate, senior associate and expert advisor.** All BiH institutions were obliged to reclassify these positions in accordance with this decision and adopt new regulations on internal organization and systematization.

**According to a number of officials from BiH institutions, the job classification process was carried out relatively quickly, but was not consistent enough.**<sup>39</sup> Instead of analysing each job to determine its actual complexity, comprehensiveness, level of business communication, etc., job descriptions were changed so that they could be classified into an already existing title, regardless of what actual jobs are being performed at a given date and workplace. In this way, the chance to perform a comprehensive analytical assessment of jobs in BiH institutions was not used. Nevertheless, the set system provides a solid basis for the preparation of new job descriptions and their classification.

**The fairness of the salary system should also be ensured by an appropriate difference between the highest and lowest wages (decompression factor).** The decompression factor at the state level of BiH is 1: 3.1, which is not a high level, although it is in line with the principles of Sigma. In determining this level, care should always be taken to provide a sufficient degree of motivation for civil servants to want to advance in the service and take on a higher degree of responsibility, for which they will have a correspondingly higher remuneration.

**Finally, ensuring the fairness of the wage system should be achieved through regular monitoring of wage levels through statistical reports.** Such a practice, however, does not exist at the state level in BiH, due to the lack of a functional human resources management information system. This is not in line with Sigma standards, which require the keeping of statistics on the salaries of civil servants and the regular preparation of reports on average salary levels and differences in salaries by level, which should be publicly available and not older than two years.

**The principle of efficiency of the salary system is respected at the state level of BiH**

<sup>39</sup> Interviews with representatives of human resources management units conducted in 2015 within the project "Modernization of human resources management in the civil service", funded by the EU.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

**through the possibility of rewarding employees with a bonus reward.** Bonus reward is defined as an incentive that can be paid for outstanding performance.<sup>40</sup> The amount of individual annual incentive to an employee can reach a maximum of 20 percent of his annual basic salary, which is in line with Sigma standards. It is interesting to note that the reward fund is reported as a separate budget item.<sup>41</sup> The Council of Ministers, in consultation with an independent inter-ministerial working body, by bylaws determines the framework criteria for remuneration, and the head of the BiH institution adopts an internal act which regulates in more detail the criteria, performance measures and procedure for obtaining bonus rewards.<sup>42</sup> In BiH institutions, care is taken that the award is not paid to all employees, in order to maintain the motivational character of the bonus.

**The principle of competitiveness of salaries in the state administration in relation to the private sector is not recognized as a special value in the Wage and Compensation Policy for the period 2019-2022.** This document emphasizes the need to determine the internal fairness of the salary system by ensuring balanced relative pay ratios of employees in the judiciary, legislature and executive, as well as the need to analyse existing relative payroll ratios of elected and appointed persons based on objective evaluation criteria and comparative analysis of similar jobs, in order to suggest possible coefficient corrections. However, ensuring competitiveness with the private sector is not mentioned.

**Although the competitiveness of salaries in BiH institutions should be ensured by regular adjustment of the salary base with the average net salary in BiH, this adjustment is not implemented in practice.** In the Law on Salaries, it is determined that the salary base cannot be less than 50 percent of the average monthly net salary in BiH expressed on an annual basis for the calendar year that precedes the year in which the base will be applied.<sup>43</sup> In practice, however, the base, which was set in 2008 at 498 KM, was increased in 2009 to 520 KM, but was very quickly reduced again to 498 KM in the same year. In 2012, there was an additional reduction of the base to 475.69 KM, and that amount of the base has not changed until today. Although an increase was planned for 2021, i.e. a return to the base amount of 498 KM, this increase was abandoned due to the epidemic of COVID 19. Therefore, salary levels in the previous decade were not harmonized with the average salary, or even with the growth of costs of life, which negatively affects the ability of BiH institutions to attract and retain quality staff, especially in the field of information technology, but also other occupations that are in short supply in the labour market.

**Lastly, it is important to mention that in some institutions there is a practice of hiring additional staff by concluding a service contract, to perform regular tasks within the**

<sup>40</sup> Art. 27, para. 1 of the Law on Salaries and Remunerations in BiH Institutions.

<sup>41</sup> Art. 27, para. 4 of the Law on Salaries and Remunerations in BiH Institutions.

<sup>42</sup> Art. 27, para. 5 of the Law on Salaries and Remunerations in BiH Institutions.

<sup>43</sup> Art. 7, para. 1 of the Law on Salaries and Remunerations in BiH Institutions.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

---

**competence of BiH institutions.**<sup>44</sup> This practice undermines the entire human resources management system, including the payroll system. Persons engaged through service contracts may have much higher compensation in relation to the salaries of civil servants, which violates the principle of fairness of the salary system, as well as the transparency of the work of the entire civil service.

---

<sup>44</sup> Audit Office of BiH Institutions, “Annual Audit Report on Main Findings and Recommendations for 2019”, No: 06-16-1-846 / 20, Sarajevo, September 2020.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

### 3.2. Federation of BiH

#### 3.2.1. Legal and institutional framework

The legal position of civil servants in the Federation of BiH is regulated by the Law on Civil Service in the Federation of BiH<sup>45</sup> and the Law on Salaries and Compensations in the Authorities of the Federation of BiH.<sup>46</sup> The Law on Civil Service is generally applied at both the cantonal and local levels. After the decision of the Constitutional Court of the Federation of BiH, which allows the cantons to adopt their own legislation in the field of public administration<sup>47</sup>, eight of the ten cantons have adopted their own civil service laws, which also regulate the area of civil servants' salaries.<sup>48</sup> In this way, the civil service legislation of the Federation of BiH has become very fragmentary, which greatly complicates the application of uniform principles of civil service law throughout the Federation of BiH.<sup>49</sup>

Similar to the BiH state level, the institutional framework for human resource management in the FBiH consists of: the Federal Ministry of Justice, the Civil Service Agency and the Federal Ministry of Finance. The Federal Ministry of Justice is in charge of drafting legislation in the field of human resource management in all segments, except the area of salaries. The Civil Service Agency conducts the procedure for hiring civil servants, keeps registers of civil servants, organizes and implements training and education of candidates for exams that are a condition for work in civil service bodies.<sup>50</sup> The Agency performs the aforementioned tasks in all cantons except the West Herzegovina and Posavina Cantons, because the cantonal regulations do not include the activities performed by the Agency.

---

<sup>45</sup> Law on Civil Service in FBiH, *Official Gazette of the Federation of BiH*, no. 29/2003, 23/2004, 39/2004, 54/2004, 67/2005, 8/2006, 77/2006 - US decision, 34/2010 - US decision, 45/2010 - dr. law, 4/2012, 99/2015 and 9/2017 - decision of the Constitutional Court.

<sup>46</sup> Law on Salaries and Compensations in FBiH Authorities, *Official Gazette of the Federation of BiH*, no. 45/2010, 111/2012 and 20/2017.

<sup>47</sup> Decision of the Constitutional Court of FBiH no. U-27/09 of 22 February 2011.

<sup>48</sup> West Herzegovina Canton in 2008 by the Law on Civil Servants in Civil Service Bodies in the West Herzegovina County, *Official Gazette of the West Herzegovina County*, no. 16/2008; Posavina Canton in 2010 by the Law on Civil Servants in Civil Service Bodies in the County of Posavina, *Official Gazette of the County of Posavina*, no. 7/10, 9/13, 11/13 and 2/14; Una-Sana Canton in 2012 by the Law on Civil Servants and State Employees in the Civil Service Bodies of Una-Sana Canton, *Official Gazette of Una-Sana Canton*, no. 5/2012; Canton 10 (West Bosnia Canton) in 2014 by the Law on Civil Servants and State Employees in Civil Service Bodies in Hercegbosna County, *Official Gazette of Hercegbosna County*, no. 1/14 and 5/16; Sarajevo Canton 2016 by the Law on Civil Service in Sarajevo Canton, *Official Gazette of Sarajevo Canton*, no. 31/16; Tuzla Canton in 2017 by the Law on Civil Service in Tuzla Canton, *Official Gazette of Tuzla Canton*, no. 7/17 and 10/17; Bosnia-Podrinje Canton 2018 by the Law on Civil Service in Bosnia-Podrinje Canton, *Official Gazette of the BPK* no. 3/18.

<sup>49</sup> SIGMA, *Monitoring Report 2017, Bosnia and Hercegovina*, OECD publishing, Paris 2017, 72.

<sup>50</sup> Art. 64 of the Civil Service Law





Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

Finally, the Federal Ministry of Finance is in charge of conducting the salary policy of civil servants.

### *3.2.2. Salary system structure and transparency*

**The salary system of civil servants in the Federation of BiH is regulated by the law and based on job classification, which is in line with Sigma principles.** Salaries of all categories of civil servants are determined by the Law on Salaries and Compensations in the Bodies of the Federation of Bosnia and Herzegovina, based on the categorization of jobs in the civil service bodies of FBiH, which is established by the Law on Civil Service of FBiH. As at the state level in BiH, jobs are divided into managerial and other.<sup>51</sup>

The positions of managerial civil servants include:

- 1) Head of the independent administration and the independent institution,
- 2) Secretary of the civil service body,
- 3) Head of the administration and institutions that are part of the ministry,
- 4) Assistant Head of Civil Service Bodies, and
- 5) Chief Inspector.

The jobs of other civil servants are:

- 1) Head of the internal organizational unit,
- 2) Inspector,
- 3) Expert advisor,
- 4) Senior expert associate, and
- 5) Expert associate.

**The structure of salaries, including basic salary, allowances and allowances, is determined by law, which is also in line with Sigma standards.** In the following text, we will briefly analyse all existing elements of the salary of civil servants.

**The basic salary is determined by multiplying the base for calculating the salary, the points for calculating the salary and the determined coefficient for each job.** Salary grades and coefficients for civil servants are determined by the Law on Salaries and Remunerations in the FBiH authorities, while the salary base and salary calculation point are determined once a year by the FBiH Budget Execution Law. Determining the base and points is done in negotiations with a representative union before the adoption of the law.<sup>52</sup>

**Amendments to the Law on Salaries and Remunerations from 2012 harmonized the level of coefficients and bases between different government structures in the Federation of BiH - federal level, cantons, municipalities and cities.** Namely, Article 1

<sup>51</sup> Art. 6 of the Law on Civil Service of FBiH.

<sup>52</sup> Article 5 of the Law on Salaries and Remunerations in FBiH Authorities.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

of the Amendments to the Law on Salaries and Compensations stipulates that cantonal governments, i.e. municipal mayors and mayors have the right to determine the salary base in agreement with the union, but that this base cannot be higher than at the federal level.<sup>53</sup> In addition, cantons, municipalities and cities may determine the area of salaries by their regulations, but in them, they must determine the same coefficients for the same jobs within the same pay grades for civil servants and employees.<sup>54</sup> In this way, the harmonization of the base of salaries and coefficients of civil servants and public employees at all levels of government in FBiH has been ensured.

**The salary system of the Federation of BiH also includes salary bonuses, such as the remuneration for years of service.** As at the state level of BiH, this remuneration amounts to 0.5 percent of the basic salary for each started year of retirement and reaches a maximum of 20 percent of the basic salary of civil servants.<sup>55</sup>

**The law also provides for an allowance for special working conditions, which is paid to special groups of employees,** such as, among other things:

- 1) inspectors, chief inspectors and directors of inspection bodies, from 20 to 30 percent of the basic salary;<sup>56</sup>
- 2) civil servants and employees in jobs that require direct contact with convicted persons in penitentiary institutions from 10 to 30 percent of the basic salary;<sup>57</sup>
- 3) Other activities performed under certain conditions; according to a special law, the salary bonus can be determined from 10 to 20 percent of the basic salary.<sup>58</sup>

Granting of a bonus for special working conditions is determined by the regulations of the institutions authorized by law to determine such allowances.

**Civil servants of the Federation of BiH are entitled to various types of benefits, which are determined by the law.** Thus, for example, the Law on Salaries and Allowances prescribes the right to compensation for annual leave and paid leave; for meals during work; holiday pay; sick leave; Maternity leave; overtime work, work on non-working days, night work and work on public holidays; transportation to and from work, **as well as remuneration for work in commissions.**<sup>59</sup>

---

<sup>53</sup> Article 1 of the Law on Amendments to the Law on Salaries and Remunerations in FBiH Government Institutions, Official Gazette of FBiH, no. 111/2012.

<sup>54</sup> Article 2 of the Law on Amendments to the Law on Salaries and Remunerations in FBiH Government Institutions, Official Gazette of FBiH, no. 111/2012.

<sup>55</sup> Art. 6, para. 1, point 1 of the Law on Salaries and Remunerations in the Authorities of the Federation of BiH.

<sup>56</sup> Art. 23, para. 1, of the Law on Salaries and Remunerations in the Authorities of the Federation of BiH.

<sup>57</sup> Art. 23, para. 4 of the Law on Salaries and Remunerations in the Authorities of the Federation of BiH.

<sup>58</sup> Art. 23, para. 5 of the Law on Salaries and Remunerations in the Authorities of the Federation of BiH.

<sup>59</sup> Art. 30–44. Law on Salaries and Remunerations in the Authorities of the Federation of BiH.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

Compensation for meals during work (hot meal) is set at 1% of the average net salary paid in the Federation according to the latest statistics.<sup>60</sup> Remuneration allowance for the use of annual leave is determined in the amount of 50% of the average net salary paid in the Federation according to the last published statistical data.<sup>61</sup> As the average net salary in the Federation of BiH in December 2019 was 958 KM, the compensation for meals during work on a monthly basis during 2020 was 211 KM, and the recourse for a hot meal was 479 KM (40 KM per month).

**Salary grades and coefficients of civil servants in FBiH are shown in the table in Annex no. 2 of this report.** The table also shows the salary base and the grade for calculating the salary for 2020, which are determined by the Law on Execution of the Budget of the Federation of BiH for 2020.<sup>62</sup> as well as food allowances during work and holiday pay, without allowance for years of service.

**The procedure for remuneration for work in commissions is regulated in more detail by the Decree of the Government of the FBiH, which provides the basis for additional payments for jobs that, by their nature, belong to the performance of regular jobs.** Thus, for example, the Regulation stipulates that working bodies include, in addition to permanent working bodies of the FBiH Government, also **occasional working bodies** established by the Government for interdepartmental work on the preparation of various versions of laws and other bylaws; making analyzes on the basis of appropriate data, as well as giving proposals and opinions on issues within the competence of the Government.<sup>63</sup> In addition, the working bodies include the bodies established by the head of the federal civil service body, as permanent and occasional, and especially for the purpose of: conducting procedures within the competence of the head; conducting a regular annual inventory of fixed assets, liabilities and receivables; and conducting public procurement procedures. **Members of working bodies are entitled to compensation, provided that they performed the tasks for which they were in charge by the act of establishing the working body outside of working hours.**<sup>64</sup> An exception to this rule is the work of working bodies in charge of conducting the regular annual inventory of fixed

<sup>60</sup> Article 30 of the Law on Salaries and Remunerations in the Authorities of the Federation of BiH.

<sup>61</sup> Article 31 of the Law on Salaries and Remunerations in the Authorities of the Federation of BiH.

<sup>62</sup> Article 18 of the Law on Execution of the Budget of the Federation of BiH for 2020, “*Official Gazette of the Federation of BiH*” no. 99/19, 28/20.

<sup>63</sup> Article 2, para. 1, item 2 of the Decree on the Manner and Determination of the Amount of Remuneration for the Work of Working Bodies Established by the Government of the Federation of BiH and Heads of Federal Civil Service Bodies, “*Official Gazette of the Federation of BiH*”, no. 48/14; 77/14, 97/14 and 58/15.

<sup>64</sup> Article 8 para. 1 of the Decree on the Manner and Determination of the Amount of Remuneration for the Work of Working Bodies Established by the Government of the Federation of BiH and Heads of Federal Civil Service Bodies



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

assets, liabilities and receivables, which can also work in regular working hours, but only on the tasks of determining the actual situation.<sup>65</sup>

**It is a common practice for civil service bodies to pay compensation to their employees who are members of working bodies for performing tasks within the competence of institutions.** Thus, for example, in the Report of the Audit Office of Institutions in FBiH for 2019 <sup>66</sup> the justification of payment of compensations to members of working bodies who are employees of administrative bodies and who perform tasks within the competence of the given institution is examined (census, public procurement, arrangement of archival material, selection and promotion of civil servants, etc.). Also, the report points out that membership in a particular working body does not imply the obligation to pay compensation, because it is conditioned by work outside working hours, which, however, cannot be determined in all cases when the payment was made.<sup>67</sup>

**It is not uncommon for civil servants to perform managerial tasks (advisors and assistant ministers, the secretary of the ministry and heads of departments), for which significant fees are paid.**<sup>68</sup> In some cases, one civil servant is a member of several working bodies, both within his ministry and other interdepartmental working bodies.<sup>69</sup>

**Finally, the report of the Audit Office states that taxes and contributions have not been calculated and paid for the work in the working bodies, in accordance with the tax regulations.**<sup>70</sup> For all these reasons, the Audit Office, in its report from 2019, recommended to the Government of FBiH to review the Decree on the manner and determination of remuneration for the work of working bodies established by the Government of the Federation of BiH and heads of federal civil service bodies, in defining formation and payment working bodies whose members are employed budget users.

**Similar to the BiH state level, the salary system is largely transparent, with some shortcomings.** Information on the level of salary is stated in the public announcement for employment, while general information on the level of salary from the salary scale is available from the Law on Salaries and Remunerations and the Law on Budget Execution on the website of the Government of the Federation of BiH. Sigma standards. The problem, however, is that, as at the BiH state level, no statistics are kept on average total wage levels for different job categories, which is not in line with Sigma principles.

---

<sup>65</sup> Article 8 para. 2 of the Decree on the Manner and Determination of the Amount of Remuneration for the Work of Working Bodies Established by the Government of the Federation of BiH and Heads of Federal Civil Service Bodies

<sup>66</sup> Audit Office of FBiH Institutions, Financial Audit Report, Budget Execution Report of the Federation of BiH, 2019, Number: 01-02-06-11-1-1630-4 / 20, Sarajevo, September 2020, p. 23-24.

<sup>67</sup> *Ibid.*

<sup>68</sup> *Ibid.*

<sup>69</sup> *Ibid.*

<sup>70</sup> *Ibid.*

### 3.2.3 Fairness and efficiency of the salary system

**The fairness of the salary system at the level of the Federation of BiH is ensured by the system of job classification, which is regulated by the Regulation on core business activities within the competence of civil service bodies performed by the civil servants, conditions for performing these tasks and exercising employment rights.**<sup>71</sup> In the Decree, all tasks within the competence of civil service bodies are divided into two groups, as follows: 1) basic activities and 2) administrative-technical and auxiliary activities.

Core business activities are divided into:

- 1) administrative resolution,
- 2) administrative and supervisory affairs,
- 3) normative-legal affairs,
- 4) study-analytical work,
- 5) professional and operational affairs,
- 6) information and documentation affairs, and
- 7) Misdemeanour proceedings.

**For each group of jobs, the jobs and tasks performed by employees in certain jobs are listed exhaustively.** Thus, for example, the tasks of resolving simple administrative matters in the first-instance administrative procedure (abbreviated administrative procedure) are performed by professional associates; drafting and adoption of individual acts related to the rights, duties and responsibilities of employees and employees from the employment relationship are performed by senior professional associates; conducting administrative proceedings and resolving administrative matters in the second instance are performed by expert advisors.

**Job analysis, conducted in 2015,<sup>72</sup> showed, however, certain problems in the application of this Regulation in practice.** A detailed analysis of the work performed in individual jobs has led to the conclusion that less complex jobs are performed in higher-level jobs that should be performed in lower-level jobs (for example, jobs performed in the position of advisor should be to be performed at the positions of senior professional associates or professional associates).<sup>73</sup> The analysis also showed that the complexity and responsibility of the work of the same jobs (e.g. professional advisor, senior professional

---

<sup>71</sup> Decree on tasks from the basic activity within the competence of civil service bodies performed by civil servants, conditions for performing those tasks and exercising employment rights, Official Gazette of the Federation of BiH, no. 35/04.

<sup>72</sup> The analysis was conducted by the team of the project "Modernization of human resources management in the civil service in BiH", within the project funded by the EU. V. EU HRM, "Proposed methodology to be used in the civil service bodies of the Federation of BiH", material developed by the EU HRM project, funded by the EU in BiH 2014-2016.

<sup>73</sup> EU HRM, "Proposed methodology to be used in the civil service bodies of the Federation of BiH", material developed by the EU HRM project, funded by the EU in BiH in 2015.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

associate, but also the head of the organizational unit) are very different from body to body, which violates the fairness of the system and the principle of "same pay for the same job".

**The decompression factor (the difference between the highest and lowest basic salary) in FBiH is only 1: 1.8, which is not in line with Sigma standards.** Such a low degree of decompression can be demotivating for civil servants to apply for higher positions and advance in the civil service system.

**Similar to the state level of BiH, in the Federation of BiH there is no practice of compiling reports containing statistical data on the level of salaries of different categories of jobs, as well as the difference in the level of salaries between the genders.** This is not in line with Sigma standards, which require the keeping of statistics on salaries related to gender or gender pay gaps, which should be publicly available and not older than two years.

**At the Federal level, there are no special provisions on rewards based on work results (bonuses), which is not in line with Sigma principles.** This absence is undoubtedly a consequence of the effects of the financial crisis, given that the Law on Salaries and Remunerations in the FBiH was passed in its midst in 2010.

**It is interesting to note that the system of remuneration of civil servants at the level of FBiH existed before the Law on Salaries from 2010 came into force.** With this law coming into force, the provisions of the Law on Civil Service ceased to apply<sup>74</sup> which were intended to reward civil servants in accordance with the performance appraisal.<sup>75</sup> Namely, Article 40 of the Law on Civil Service of the Federation of BiH provided for the possibility for a civil servant who was assessed as "extremely successful" in the last two consecutive years to receive a salary increase of up to twenty percent of salary (provided that such increase does not exceed next salary pay grade); a civil servant whose lowest allowable grade in the last two years was "successful" was entitled to a salary increase of up to ten percent, while a civil servant who was rated at least "satisfactory" in the last two years was entitled to a salary increase in the amount of a maximum of five percent of the salary determined for a certain job. Given that these provisions greatly jeopardized the principle of fiscal sustainability and predictability (especially because officials who were assessed as "satisfactory" were also entitled to promotion), the new law on salaries suspended their application, thus supporting the fiscal sustainability principle. However, at the same time, this legal solution reduces the possibilities of rewarding civil servants, which can have a negative impact on their motivation to work.

<sup>74</sup> Law on Civil Service in the Federation of Bosnia and Herzegovina, Official Gazette of FBiH, no. 29/03, 23/04, 39/04, 54/04, 67/05, 08/06, 04/12.

<sup>75</sup> A. Rabrenović, D. Ahmetović, "Development of the system of work evaluation of civil servants in Bosnia and Herzegovina - from traditional to modern evaluation model", in: Law of countries in the region (ed. V. Čolović), 2012, 145–157.





Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

**Ensuring the competitiveness of salaries in the state administration in relation to the private sector is provided by regular adjustment of the salary base with the average net salary in the FBiH, in accordance with the agreements with the representative union.** In addition, the Law on Salaries and Remunerations stipulates that the basic salary of civil servants may not be less than 70 percent of the average net salary paid in the Federation according to the latest published statistics.<sup>76</sup> In case the basic salary is less than 70 percent of the average salary, the employee will be paid a salary in the amount of 70 percent of the average salary.<sup>77</sup> In this way, the competitiveness of the lowest jobs in relation to the private sector is ensured, but not other, higher jobs. Finally, as at the state level of BiH, the comparison of the average salary in the state administration with the average salary in the private sector is not possible, due to the lack of special records of the salary fund of civil servants, which would be the basis for calculating the average salary of civil servants.

**Finally, similarly to the state level, in the Federation of BiH there is a practice of hiring additional staff by concluding service contracts for performing regular tasks within the competence of the FBiH civil service bodies.** Thus, for example, in accordance with the findings of the Audit Office from 2019, in 2019 as in previous years, the practice of concluding service contracts for the performance of tasks and duties within the competence of the institutions was recorded<sup>78</sup> In most cases, these contracts were concluded continuously (with shorter interruptions) during 2019, and in some cases these contracts last for several years. In the opinion of the Audit Office, concluding a service contract in this way is a non-transparent way of hiring employees, which is not acceptable when it comes to the public sector.<sup>79</sup> This practice undermines the entire human resource management system, including the civil service salary system.

### 3.3. Republika Srpska

#### 3.3.1. Institutional and legal framework

The institutional framework for human resources management in the republican administrative bodies in Republika Srpska consists of: the Ministry of Administration and Local Self-Government and the State Administration Agency. The Ministry of Administration and Local Self-Government is in charge of conducting policy in the field of civil service relations, including the field of salaries of civil servants. The State

<sup>76</sup> Art. 6, para. 2 of the Law on Salaries and Remunerations in the Authorities of the Federation of BiH.

<sup>77</sup> Art. 6, para. 3 of the Law on Salaries and Remunerations in the Authorities of the Federation of BiH.

<sup>78</sup> Audit Office of FBiH Institutions, Financial Audit Report, Budget Execution Report of the Federation of BiH, 2019, Number: 01-02-06-11-1-1630-4 / 20, Sarajevo, September 2020, p. 23.

<sup>79</sup> Audit Office of FBiH Institutions, Financial Audit Report, Budget Execution Report of the Federation of BiH, 2019, Number: 01-02-06-11-1-1630-4 / 20, Sarajevo, September 2020, p. 23.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

Administration Agency is responsible for the implementation of the Law on Civil Servants, especially in the field of employment and professional development of civil servants. The Ministry of Finance gives its opinion on draft regulations in all areas that have an impact on the budget, including the area of salaries of civil servants.

The legal position of civil servants in the Republika Srpska is regulated by the Law on Civil Servants<sup>80</sup>, while salaries of employees in administrative bodies, including civil servants, are regulated by the Law on Salaries of Employees in Administrative Bodies.<sup>81</sup>

The Law on Salaries of Employees in Administrative Bodies from 2018 is part of the new strategic commitment of the Government of the Republika Srpska to introduce a new salary concept, which now includes cash benefits before taxes, while the concept of gross salary remained the same (includes taxes and social security contributions).<sup>82</sup> The aim of the new concept is to move to a modern way of contracting salaries between the employer and the employee, so that changes in tax policy measures reflect on individuals, who are taxpayers of income tax, and not on income payers as was the case until 2018. These changes in calculating salaries and taxation also required amendments to the Labour Law<sup>83</sup> and the Income Tax Act.<sup>84</sup>

Until 2018, changes in the tax legislation led to changes in the total salary and reduction of employer costs, and now certain tax policy measures (such as increasing the amount of personal income tax) are reflected only in the amount of the employee's salary. The new measures of the tax policy determine the increase of the personal income tax deduction of the employee from 2400 KM to 6000 KM on an annual level.<sup>85</sup> While the amount of gross salary remains at the same level (so that the employer has the same cost), the amount of

---

<sup>80</sup> Zakon o državnim službenicima, *Službeni glasnik Republike Srpske*, br. 118/2008, 117/2011, 2037/12 i 57/2016 – u daljem tekstu: Zakon o državnim službenicima Republike Srpske.

<sup>81</sup> Zakon o platama zaposlenih u organima uprave Republike Srpske, br. 66/2018, 105/2019. u daljem tekstu: Zakon o platama zaposlenih u organima uprave Republike Srpske.

<sup>82</sup> Zakon o platama zaposlenih u Ministarstvu unutrašnjih poslova Republike Srpske, Zakon o platama zaposlenih u oblasti prosvete i kulture Republike Srpske, Zakon o platama zaposlenih u javnim službama Republike Srpske, Zakon o platama zaposlenih u institucijama pravosuđa Republike Srpske, Zakon o platama zaposlenih lica u javnim ustanovama u oblasti zdravstva Republike Srpske i Zakon o platama i naknadama sudija i javnih tužilaca u Republici Srpskoj, *Službeni glasnik Republike Srpske*, br. 66/2018.

<sup>83</sup> Zakon o izmjenama i dopunama Zakona o radu, *Službeni glasnik Republike Srpske*, br. 66/2018.

<sup>84</sup> Zakon o izmjenama i dopunama Zakona o porezu na dohodak, *Službeni glasnik Republike Srpske*, br. 66/2018.

<sup>85</sup> Zakon o izmjenama i dopunama Zakona o porezu na dohodak, *Službeni glasnik Republike Srpske*, br. 66/2018.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

net salary is now slightly higher than before due to the increased personal deduction, and the increase costs were borne by the RS budget and local community budgets.<sup>86</sup>

The new set of salary regulations harmonizes salary coefficients in various areas of the public sector in accordance with the new salary calculation system and reduces the number of salary supplements to the maximum, in line with the fiscal consolidation measures we have been working on since 2011. Recourse and hot meal fees are also included in the amount of the basic salary, which is a positive step towards consolidating and increasing the transparency of the salary system.

### 3.3.2. Salary system structure and transparency

**The salary system of civil servants in Republika Srpska is regulated by law and based on job classification, which is in line with the Sigma principles.** The Law on Civil Servants distinguishes between two basic types of positions of civil servants: senior civil servants, for whose appointment and dismissal the Government is responsible, and civil servants whose status is decided by the head of the institution.<sup>87</sup> The positions of senior civil servants are: Assistant Minister, Secretary of the Ministry, Head of the Republic Administration, Republic Administrative Organizations, their deputies and assistants, Chief Republic Inspector and Secretary in the State Administration Agency.<sup>88</sup> The positions of civil servants for which the head of the body is responsible are: inspector, internal auditor, expert advisor, head of the internal organizational unit, senior expert associate and expert associate.<sup>89</sup>

**The salary structure, including the basic salary and salary supplements, is determined by law, which is also in line with Sigma standards.** In the following text, we will briefly analyse all existing elements of the salary of civil servants.

**The basic salary is determined by multiplying the "labour price", as the value for the simplest work, and the determined coefficient for each pay group and subgroup.<sup>90</sup>** Coefficients for civil servants are determined by law, while the price of labour is determined by a special act of the Government.<sup>91</sup>

<sup>86</sup> S. Popović, J. Popović, "Amendments to the legislation aimed at increasing salaries in RS", presentation, <http://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/mf/Documents/Измјене%20законодавства%20са%20циљем%20повећања%20плата%20у%20РС.pdf>, 12.11.2020.

<sup>87</sup> Art. 26, para. 1 of the Law on Civil Servants of Republika Srpska.

<sup>88</sup> *Ibid.*

<sup>89</sup> Art. 27 of the Law on Civil Servants of Republika Srpska.

<sup>90</sup> Art. 6, para. 2 of the Law on Salaries of Employees in the Administrative Bodies of Republika Srpska.

<sup>91</sup> Art. 7, para. 2 and 3 of the Law on Salaries of Employees in the Administrative Bodies of Republika Srpska.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

**Salary groups and subgroups, as well as the calculation of salaries for 2020 for civil servants of the Republika Srpska are shown in the table in Annex no. 3 of this report.** The table also shows the price of labour, determined by the Government Decision <sup>92</sup>, wage levels before taxation, as well as wage levels after taxation, in order to make it easier to compare wage levels with other levels of government. In accordance with the Law on Income Tax, the value of the basic personal deduction in the amount of 6,000 KM per year (500 KM per month) was deducted from the total amount of salary, on the basis of which the income tax base was calculated, and then its value). It is also important to note that the **fees for hot meals and recourses, in accordance with existing regulations, are included in the amount of the basic salary**, and therefore cannot be shown as a separate item.

**The allowance for years of service for all civil servants is lower in relation to the state level of BiH and the level of the Federation of BiH and in accordance with fiscal consolidation measures and modern tendencies to reduce the amount of allowances to the basic salary of the employee.** The allowance for years of service is 0.3 percent of the basic salary for each year up to 25 years of service,<sup>93</sup> and thereafter increases to 0.5 percent for each subsequent year of service.

**A minimum number of other allowances and fees has been retained,<sup>94</sup> which is also in line with the principle of fiscal sustainability.** Thus, for example, **there is no special compensation for overtime work.** Instead of compensation, civil servants who work longer than full time on the order of the manager acquire the right to free hours, which employees are obliged to use within six months at the latest.<sup>95</sup> As we mentioned, the fees for hot meal and recourse are included in the amount of the basic salary and cannot be stated separately.<sup>96</sup>

**Finally, the transparency of the salary system is a field where further improvements can be made.** Information on the level of salary is not stated in the public vacancies in the procedure of hiring civil servants. General information on salary scales from the pay scale is available through the text of the Law on Salaries and Remunerations, which, however, has not yet been published on the website of the State Administration Agency, as the central human resources management institution required by Sigma principles. Information on labour costs, which is the basis for calculating the salaries of civil servants, is also not available on the websites of the institutions of the Government of Republika Srpska.

### *3.3.3 Fairness and efficiency of the salary system*

<sup>92</sup> The price of labor is determined by the Decision on determining the price of labor and amounts to 100 KM, Official Gazette of Republika Srpska no. 32/2014.

<sup>93</sup> Art. 6, para. 1, point 3 of the Law on Salaries of Employees in the Administrative Bodies of Republika Srpska.

<sup>94</sup> Art. 14 and Art. 19 of the Law on Salaries of Employees in the Administrative Bodies of Republika Srpska.

<sup>95</sup> Article 17 of the Law on Salaries of Employees in the Bodies of Republika Srpska.

<sup>96</sup> Art. 6 st. 4 of the Law on Salaries of Employees in the Administrative Bodies of Republika Srpska.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

**The fairness of the salary system should be ensured by categorizing jobs on the basis of several criteria.** The category of the position is determined by the complexity of the work, the level of authority, responsibility and independence of the position of the civil servant, which are expressed through the prescribed special conditions that need to be met.<sup>97</sup>

In accordance with the mentioned criteria, the following job categories and special conditions for each job category are prescribed:

- 1) **first category:** Assistant Minister, Head of the Republic Administration and Head of the Republic Administrative Organization: VII level of education, appropriate education (appropriate direction), at least three years of work experience in the required level of education, passed professional exam for work in republic administration bodies;<sup>98</sup>
- 2) **second category:** Secretary of the Ministry, Deputy and Assistant Head of the Republic Administration, Deputy and Assistant Head of the Republic Administrative Organization, Chief Republic Inspector and Secretary in the State Administration Agency - VII degree, appropriate education - appropriate direction, at least three years of work experience in the required level of education, passed the professional exam for work in the republic administration bodies;
- 3) **third category:** Inspector and Internal auditor - VII level of education, appropriate education - appropriate direction, at least two years of work experience in the required level of education, passed professional exam for work in republic administration bodies;
- 4) **fourth category:** Professional advisor - VII degree, appropriate education - appropriate direction, at least two years of work experience in the required level of education, passed professional exam for work in the republican administrative bodies;
- 5) **fifth category:** Head of the internal organizational unit - VII degree, appropriate education - appropriate direction, at least two years of work experience in the required level of education, passed the professional exam for work in the republican administrative bodies;
- 6) **sixth category:** senior associate - VII degree, appropriate education - appropriate direction, work experience depending on the title in the required level of education, passed the professional exam for work in the republican administrative bodies;
- 7) **seventh category:** Professional associate - VI level of education, appropriate education - appropriate direction, at least nine months of work experience in the required level of education, passed the professional exam for work in the republican administrative bodies and

<sup>97</sup> Article 2 of the Decree on Categories and Titles of Civil Servants, Official Gazette of the Republika Srpska, no. 18/2009, 131/2010, 8/2011 (hereinafter the Decree on Categories and Titles of Civil Servants).

<sup>98</sup> Art. 4, paragraph 1, item a) of the Regulation on categories of civil servants.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

- 8) **eighth category:** professional associate - IV degree, appropriate education - appropriate direction, at least six months of work experience in the required level of education, passed the professional exam for work in the republican administrative bodies.<sup>99</sup>

**The categorization from the Decree on Categories and Titles of Civil Servants is not, however, fully harmonized with the categorization from the Law on Salaries of Employees in the Administrative Bodies of Republika Srpska.** Thus, for example, the Regulation recognizes eight categories of jobs, while the Law on Salaries recognizes seven categories. The post of the Secretary of the ministry, for example, is in the first category in the Law on Salaries, while in the Regulation it is in the second category; the position of inspector is in the Law on Salaries in the fourth category, while in the Regulation it is in the third category, etc.

**It is important to note that representatives of the Ministry of Administration and Local Self-Government, the State Administration Agency and the Ministry of Finance, as well as several pilot institutions, prepared a new system of job classification and deployment during 2014-2015, which should be the basis for a new civil service legislative framework.** An analysis of about 50 jobs was performed, based on which a new job classification was prepared, using the factor scoring method. A special method of job classification based on the job deployment method has also been developed, and examples of standard job descriptions for all job categories (XI in total) have been prepared. Support in this process was provided by the project "Modernization of the human resources management system in BiH", funded by the European Union.<sup>100</sup> It is expected that the results achieved in this area will be officially adopted when the new Law on Civil Servants is adopted, whose draft has already been prepared.

**Similar to other levels of government, in Republika Srpska there is no practice of compiling reports on statistical data on the salary levels of civil servants, which is not in line with the principles of Sigma.** As at other levels of government, this is due to a dysfunctional human resources management information system. As a reminder, Sigma standards require the keeping of statistics on salaries related to gender, i.e. differences in income between the genders, which should be publicly available and not older than two years.

**The difference between the lowest and highest salary of a civil servant (decompression factor) in Republika Srpska is 1: 3, which is in line with the Sigma standards.** It should be borne in mind that in Republika Srpska, civil servant jobs also include jobs for which the minimum requirement is secondary education, so it is natural that the difference

<sup>99</sup> Art. 4 Regulations on Categories and Titles of Civil Servants

<sup>100</sup> Project "Modernization of human resources management in the civil service in BiH", Final Report, Sarajevo 2016.





Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

between the lowest and highest jobs is higher compared to other levels of government in BiH.

**Civil servants in administrative bodies do not have the opportunity to be rewarded based on the results of their work, which is not in line with the Sigma principles.** Due to the non-existence of a reward system based on work results, the institute of evaluation is also losing its importance, because civil servants do not see its meaning. On the other hand, managers lack the tools to motivate employees to achieve maximum work efficiency.

**It is important to mention that in the existing system there are no possibilities of the so-called “Horizontal advancement” of civil servants.** Horizontal promotion in three different pay grades was possible under the 2007 Salaries Act for a number of civil servants, (such as inspectors, senior associates and associates with higher and secondary education),<sup>101</sup> but was repealed by the adoption of the previous Law on Salaries from 2014, in accordance with the in force budget constraints and the principle of fiscal sustainability and predictability. This solution, which is retained in the current law on salaries, greatly limits the opportunities for promotion of civil servants, which can also negatively affect their motivation to work.

**The principle of competitiveness of salaries of civil servants and employees in the private sector is not sufficiently ensured.** The principle of competitiveness is guaranteed only for the lowest jobs by the legal rule that the basic salary of civil servants cannot be lower than the minimum salary, but there is no principle of harmonization of the level of salaries in the state administration with salaries in the private sector. Namely, Article 6 para. 5 of the Law on Salaries only prescribes that the basic salary of civil servants cannot be lower than the lowest salary in Republika Srpska,<sup>102</sup> which the Government determines by a special decision.<sup>103</sup>

**The legislator has clearly stated the importance of applying the principle of fiscal sustainability with the provisions of the Law on Salary.** Namely, Article 8 of the Law on Salaries prescribes that the salaries of employees will be reduced if the budget is not filled in accordance with the planned plan. In that case, the salaries of employees will be reduced to the percentage of less realized income. The decision on the percentage of reduction is made by the Government, at the proposal of the Ministry of Finance.<sup>104</sup> In this

<sup>101</sup> Law on Salaries of Employees in the Bodies of Republika Srpska, Official Gazette of Republika Srpska, no. 118/07, 116/09, 1/11, 1/12.

<sup>102</sup> Art. 6, para. 5 of the Law on Salaries of Employees in the Bodies of the Republika Srpska.

<sup>103</sup> In accordance with the Government Decision on the lowest salary, the lowest salary in Republika Srpska for 2020 is 520.00 convertible marks, while in 2019 it was 450.00 convertible marks. Decision on the lowest salary, Official Gazette of Republika Srpska no. 3/2020; Decision on the lowest salary, Official Gazette of Republika Srpska, no. 120/2018.

<sup>104</sup> Art. 8, para. 2 of the Law on Salaries of Employees in the Bodies of Republika Srpska.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

way, the legislator gave the Government of Republika Srpska "free hands" to implement fiscal consolidation measures whenever necessary.

**Lastly, in Republika Srpska, in some administrative bodies, there is a practice of hiring staff to perform tasks for a certain period of time, for a period longer than 6 months.** Report of the Main Audit Office of the Public Sector of Republika Srpska for 2019 <sup>105</sup> pointed to the practice of employing fixed-term employees for a longer period of six months in several administrative bodies of Republika Srpska, which is not in accordance with Article 50 paragraph (3) item b) of the Law on Civil Servants. This practice violates the principle of professional skills in human resource management, as well as fairness in determining the level of compensation / salary of civil servants.

### 3.4. Brčko District of BiH

#### 3.4.1. Legal and institutional framework

**In the Brčko District, human resources for all administrative bodies are performed by the Subdivision for Human Resources, within the Department for Professional and Administrative Affairs.** The Human Resources Unit is in charge of implementing the legislative framework in the field of human resource management in the civil service. In addition, the Finance Directorate is also in charge of the area of salaries of employees in the public administration bodies of Brčko District. The mayor's office is in charge of drafting all laws and bylaws, including the area of salaries of civil servants. Finally, in the last decade, Brčko District Assembly has also begun to actively participate in the policy of salaries of civil servants and other employees in Brčko District institutions.

The legal position of civil servants is regulated by the Law on Civil Service in the Public Administration Bodies of Brčko District.<sup>106</sup> Salaries of civil servants are regulated by the Law on Salaries and Compensations in Public Administration Bodies and Institutions of Brčko District.<sup>107</sup>

**In 2013, the Assembly of Brčko District adopted the Decision on the Adoption of the Policy of Salaries and Compensations in Public Administration Bodies and**

<sup>105</sup> Main Audit Office of the Public Sector of Republika Srpska, "Report on the conducted financial audit of the Consolidated Annual Financial Report for the users of the budget of Republika Srpska for the period 1.1.-31.1.2019", no. PB001-20, Banja Luka, August 25, 2020.

<sup>106</sup> Official Gazette of Brčko District of BiH no. 9/2014, 4/2015 - AS decision, 17/2015 - AS decision, 37/2015, 48/2016, 9/2017, 50/2018, 15/2019-corr, 24/2020.

<sup>107</sup> Official Gazette of Brčko District of BiH, no. 8 of March 27, 2019, 10/19, 12/19.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

**Institutions of Brčko District, which establishes a unified policy of salaries and compensations in public administration bodies and all institutions of Brčko District of BiH.** The Decision emphasizes, first of all, the principle of reality, which implies respect for the situation and expected movements of economic indicators and economic performance, as a basis for the level of salaries of employees. In addition, special emphasis is placed on the application of the principle of "same pay for the same or similar work" regardless of the body or institution in which the work is performed. The operationalization of this principle should be carried out by objectively allocating pay grades to jobs in public administration bodies and institutions of Brčko District of BiH in which the same or similar jobs are performed. Furthermore, the document emphasizes the principle of rewarding according to the results of work, which should be applied by determining the criteria for promotion of the employee within the pay grade (transition to a higher internal pay grade, but also assignment to a lower internal pay grade), depending on the results of so far occupied specific workplace. Finally, the need to apply the principle of transparency is emphasized, through the obligation that the corresponding basic salary for each job in public administration bodies must be published in the Official Gazette of the Brčko District of BiH, but also through the possibility that each employee and potential employee has insight into conditions and procedures for own promotion as well as insight into the type and amount of possible compensation to the employee in a specific job.

### *3.4.2 Salary structure and transparency*

**The salary system of civil servants in Brčko District is regulated by the law and based on job classification, which is in line with the Sigma principles.** The classification of positions in the civil service of the BD BiH is determined by the Law on Civil Service, which established several categories of civil service positions:

- 1) mandated positions of senior civil servants (coordinator in the Office of the Coordinator of Brčko District of BiH at the Council of Ministers of Bosnia and Herzegovina, Director of the Finance Directorate, Head of the Inspectorate, Director of the Tax Administration and Director of the Treasury);
- 2) positions of members of the Employment Committee (positions of permanent members of the Employment Committee);
- 3) managerial positions (Director of the Public Property Management Office, Head of the Professional Service of the Assembly, Deputy Head of the Professional Service of the Assembly, Head of Subdivision, Assistant Chief of Police, Director of the Pedagogical Institution, Head of Sector, Head of the Office and Chief Inspector - Assistant Chief of the Inspectorate);
- 4) special positions (positions of civil servants with special powers and a high degree of responsibility in decision-making, such as: administrative inspector, president of the Appellate Commission and member of the Appellate Commission);
- 5) Jobs of civil servants.



Ovaj projekat finansira  
Evropska unija

**The structure of salaries, including basic salary and salary bonuses, is determined by the law, which is also in line with Sigma standards.** In the following text, we will briefly analyse all existing elements of the salary of civil servants.

**The basic salary is determined by multiplying the basis for calculating the salary and the corresponding coefficient, i.e. the degree of the salary grade coefficient.** The basis for calculating the salary for 2020 is 654.20 KM.<sup>108</sup> All jobs are classified into ten (10) pay grades, expressed by subclass and the appropriate coefficient which is the basic classification element of the employee pay system, and jobs of civil servants are classified into the first five highest pay grades (fifth to tenth). The pay grade of a certain category of jobs is determined on the basis of: level of education, type and complexity of jobs, degree of responsibility and authority, and other criteria required by the job. Individual civil servants and employees are classified into different subclasses, i.e. levels of coefficients within the appropriate pay grade.<sup>109</sup> **The calculation of salaries of civil servants for 2020 is presented in Annex No. 4.**

**Salary bonuses are also determined by the law, which is in line with the principles of Sigma.** As at other levels of government, the law provides for seniority allowance. It is calculated in the amount of 0.30% (zero comma thirty percent) on the basic salary for each completed year of service. In addition, there are salary bonuses for special working conditions for:

- 1) persons with special authorizations in the public administration bodies and institutions of the District -15% of the basic salary for effective working hours, for whom the right to allowance is determined by a special law;
- 2) employees in the competent organizational units of the Department for Public Safety, up to 20% of the basic salary for effective working hours, in accordance with special regulations;
- 3) employees in the organizational units of the Public Registry Department and the Finance Directorate of Brčko District of BiH, up to 10% of the basic salary for effective working hours in accordance with a special decision made by the Government at the proposal of the Head of the Public Registry Department, i.e. Director of the Finance Directorate;
- 4) employed health workers and health associates in the Public Health Subdivision, of 20% of the basic salary for effective working hours;

---

<sup>108</sup> Decision on the amount of the base for calculating salaries of employees in public administration bodies and institutions of Brčko District of BiH, employees of Brčko District of BiH police and users of budget funds in the Assembly of Brčko District of BiH, Brčko District Election Commission and the Office for Audit of Public Administration and Institutions of Brčko District for 2020, March 25, 2020.

<sup>109</sup> Article 7 of the Law on Salaries and Compensations in Public Administration Bodies and Institutions of BD.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

- 5) employees in the Subdivision for Social Protection - Center for Social Work and the Service for Veterans and Disabled Protection and Civilian Victims of War up to 10% of the basic salary for effective working hours in accordance with a special decision made by the Government at the proposal of the Head of the Department of Health;
- 6) employees in the Veterinary Subdivision up to 10% of the basic salary for effective working hours, in accordance with a special decision made by the Government of Brčko District of BiH at the proposal of the Head of the Department for Agriculture, Forestry and Water Management;

**The salary system is transparent, with certain shortcomings.** Information on the salary level is stated in the public vacancy. General information on salary levels from the salary scale is available in the Law on Salaries and Remunerations in Public Administration Bodies and Institutions of Brčko District, which is available on the website of Brčko District Assembly, while data on the base are published in the Decision of the BD Assembly, which is part of the BD budget, all in line with Sigma standards. The problem, however, is that, as at other levels of government in BiH, no statistics are kept on average total salary levels for different job categories, which is not in line with Sigma principles.

### *3.4.4 Fairness and efficiency of the salary system*

**The fairness of the salary system should be ensured by classifying the jobs of civil servants into different categories, i.e. salary grades.** Similar to the state level of BiH, certain categories of managerial positions in BD (mandated positions of senior civil servants, managerial positions, positions of members of the Employment Committee and special positions) are classified into salary grades and subclasses by the Law on Salaries. The Law on Salaries and Remunerations determined salary grades and subclasses, which determined the coefficient for these jobs, as the basis for calculating salaries. The methodology for classifying these jobs into pay grades, however, was not clear and transparent.

**The Civil Service Law stipulates that “other” civil servant jobs are classified into the following categories:**

- a) head of a lower internal organizational unit, such as: head of department, head of service, president of the Council for the presentation of real estate data and determination of land rights, president of the Commission for consolidation;
- b) Inspector, Assistant Coordinator in the Office of the Coordinator of Brčko District of BiH at the Council of Ministers of BiH;
- c) Expert advisor;
- d) Senior Associate;



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

- e) Associate;
- f) Expert clerk.<sup>110</sup>

**The law also sets out the criteria for classifying these civil servants (and employees), which are:**

- a) Type of work;
- b) The degree of complexity of the work;
- c) Responsibility of the workplace;
- d) Independence in work;
- e) Competencies required for a given job;
- f) Job qualifications.<sup>111</sup>

**The Human Resources Division is currently working on a draft Decision on Job Classification, which will elaborate in more detail the criteria for job classification of civil servants.** This is in accordance with the legal power which gives the Department for Professional and Administrative Affairs the authority to prepare the Decision on job classification and criteria for job description of civil servants in public administration bodies and the competencies required for a given position, which should be adopted by the Government of BD.<sup>112</sup>

**Similar to other levels of government, there is no practice in Brčko District of compiling reports containing statistics on the gender pay gap.** This is not in line with the Sigma standards, which require the keeping of statistics on salaries related to gender or gender pay gaps, which should be publicly available and not older than two years.

**The decompression factor (the difference between the highest and the lowest salary - the position of the director of the Finance Directorate and the expert clerk) is 1: 3.4, which is in line with Sigma standards.** If the decompression factor is calculated only for jobs for which the requirement is a university degree, the decompression factor is slightly lower - 1: 2.1, which, however, is also in line with Sigma standards.

**The salary system also envisages the existence of a monetary reward, which is an incentive that can be paid to the employee for special efforts and results in the current year in a lump sum.** The law limits that the reward fund can amount to a maximum of 2% of the total salary budget for those employees who are entitled to a monetary reward. The amount of an individual annual cash reward to an employee can amount to a maximum of

<sup>110</sup> Article 24, para. 9 of the Law on Civil Service in Administrative Bodies and Institutions of BD.

<sup>111</sup> Article 24, para. 13 of the Law on Civil Service in Administrative Bodies and Institutions of BD.

<sup>112</sup> Article 24, para. 14 of the Law on Civil Service in Administrative Bodies and Institutions of BD.





Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

---

10% of his annual basic salary, which is in accordance with Sigma principles. So far, however, the amount of the individual annual monetary reward has not been paid to employees in administrative bodies.

**As at other levels of government, the competitiveness of salaries of civil servants and employees in the private sector is not subject to special analysis.** It is not possible to compare the average salary of civil servants with the average salary in the private sector, due to the lack of special records of the salary fund of civil servants, which would be the basis for calculating the average salary of civil servants.



Ovaj projekat finansira  
Evropska unija

#### 4. CONCLUSIONS AND RECOMMENDATIONS

**The analysis of the salary system of civil servants in the structures of the civil service in Bosnia and Herzegovina showed a high degree of compliance with the Sigma standards in the field of legal regulation of the salary system.** At all levels of the government, job classification is the basis for the salary system, and all basic salary elements are regulated by the law. This ensures the stability and predictability of the salary system, which is an important basis for other elements of the human resource management system.

**The existence of certain salary bonuses at the state level of BiH and in the Federation of BiH, however, poses a risk to ensuring the legality, fairness and transparency of the salary system.** This is especially the case with the fee for performing the work of another job at the state level of BiH, as well as the calculation of the fee for transportation to and from work. At the level of FBiH, a special problem is the existence of remuneration for work in working bodies, which is given to civil servants and other employees of civil service bodies to perform tasks within their competence / job descriptions. On the other hand, the salary system of Republika Srpska, as well as Brčko District, shows that it is possible to reduce salary supplements to a minimum, in order to avoid any possibility of abuse. As a reminder, in Republika Srpska and Brčko District, there is no compensation for performing other jobs, nor compensation for work in working bodies, while fees for meals and recourses are included in the amount of the basic salary. In Republika Srpska, there is not even a fee for overtime work, but overtime work is compensated by free hours that the employee can use during the year.

**Salary compensation levels are not harmonized at the different levels of the government.** This especially refers to the compensation for years of service, which at the state level of BiH and in the Federation of BiH amounts to 0.5 percent per year of service, provided that this allowance may not be higher than 20 percent of the basic salary. On the other hand, in Republika Srpska and Brčko District, the compensation for years of service is 0.3 percent per year of service, which is a significantly lower percentage. Exceptions to this rule are persons who have over 25 years of service in Republika Srpska, where the compensation for years of service is also 0.5 percent.

**Transparency of the salary system at all levels of government in BiH is still not at the appropriate level.** No level of the government publishes information on average salary levels for different job categories, as required by the Sigma principles. General information on salary levels (from the salary scale) is available through regulations on various websites (institutions in charge of wage policy; government or parliament), while data on the base used to calculate salaries are more difficult to be found and thus prevent the general public from being informed about the salary levels of civil servants. Candidates who are interested



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

in a job in the civil service can find salary information in job vacancies at almost all levels, which is good practice, in accordance with the Sigma principles.

**Fairness in determining the basic salary is not fully ensured at any level of government.** At all levels, a lot of effort has been invested in establishing a new system of classification and deployment of jobs, especially through the project "Modernization of human resources management in the civil service in BiH" which was implemented from 2014-2016. However, the new job classification systems have not yet found their full application in the legislative framework and practice.

**The decompression factor (the difference between the lowest and highest salary) varies between levels.** The lowest decompression factor is in the Federation of BiH, where it is 1: 1.8, which is not in line with the Sigma principles, which require that the minimum difference between the highest and lowest salary be at least 1: 2, in order to motivate civil servants to advance to higher positions and take on a higher level of responsibility. Low decompression factor leads to a situation in which lower levels of jobs in the Federation of BiH (expert associate and senior expert associate) have higher salaries compared to the same levels of jobs in BiH institutions (by about 200-300 KM), while managers have a lower level income, which makes these positions unattractive. In Republika Srpska, the decompression factor is 1: 3, similar to the BiH state level where it is 1: 3.1. In Brčko District, the decompression factor for civil servant jobs is 1: 3.4.

**There is no level of government with the practice of preparing statistical reports on salary levels for different job categories.** This is largely due to the lack of a functional human resources management information system, which would contain the given data. This is not in line with Sigma standards, which require the keeping of statistics on the salaries of civil servants and the regular preparation of reports on average salary levels and differences in salaries by level, which should be publicly available and not older than two years.

**The system of rewarding civil servants based on the results of their work is not represented at all levels of government.** The institute of reward for well done work exists in Brčko District and at the state level of BiH, and is limited to a maximum of 10% (Brčko District) and 20% (state level of BiH) of the basic salary, which is in accordance with the Sigma principles. At the state level, there is also the possibility of horizontal promotion of civil servants in salary steps, which should be applied in practice for the first time since the adoption of the Law on Salaries (2008). In the Federation of BiH and Republika Srpska, rewarding civil servants is not provided by law, which is not in accordance with the Sigma principles.



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

**The competitiveness of salaries with the private sector cannot be well assessed, despite the existence of different mechanisms for adjusting salary levels in the civil service and the private sector.** At the state level of BiH, the harmonization of the level of salaries in the civil service with the private sector is not implemented in practice, especially due to the fact that the level of the salary base has not changed for many years. In the FBiH, the law stipulates that the basic salary in the civil service cannot be lower than 70% of the average salary paid in the FBiH. In Republika Srpska, there is an adjustment between the basic salary in the state administration and the lowest salary determined by the Government by a special decision, which means that competitiveness is provided only for the lowest jobs. In general, the level of competitiveness of salaries in the civil service and the private sector cannot be reliably determined in accordance with Sigma standards, due to the lack of an appropriate database containing information on the level of salaries of civil servants and allowing easy comparability of the aggregate level of salaries in the civil service and the private sector.

**Finally, at different levels of the government there is a practice of hiring additional employees by concluding service contracts and / or hiring employees for a fixed period of time for a longer period of time, to perform regular tasks within the competence of civil service / administration.** In this way, the entire human resource management system is undermined, and in particular the fairness of the civil service salary system.

**Recommendations for improving the system of salaries and remuneration of civil servants in the structures of the civil service / administration in BiH are based on the need to harmonize salary policy with Sigma standards, as well as the need to harmonize salary policy at all levels of government in BiH. To this end, the recommendations are as follows:**

1. Review and revise the criteria and / or basis for the payment of certain salary benefits, such as compensation for performing other jobs at the state level of BiH and compensation for work in working bodies at the FBiH level (which do not exist in the salary system of Republika Srpska and Brčko District), in order to prevent possible abuses and harmonization of the salary system at all levels of government in BiH. It is also necessary to consider the possibility of including food allowance and holiday pay in the basic salary at the level of BiH and FBiH, as has already been done at the level of Republika Srpska and Brčko District;
2. Harmonize the amount of salary bonuses, especially bonuses for years of service at all levels of government, in order to provide basic conditions for harmonization of salary levels in the civil service structures in BiH;
3. Increase the transparency of the salary system, by publishing the legal texts of the law on salaries on the websites of institutions responsible for salary policy, together with decisions determining the base salary / labour price, so that salary levels are easily accessible to those interested in working in the state services as well as the



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

general public. Mandatory indication of salary levels in job vacancies should also be introduced, at levels where it is currently not the case;

4. Improve procedures for analysis and analytical assessment / classification of jobs at all levels of the government, in order to ensure the fairness of the salary system;
5. Establish functional information systems on civil servants at all administrative levels, which would include salary levels, so that different types of analytical reports can be easily compiled, such as: 1) salary level reports for different job categories, 2) reports on the average salary of civil servants, which could easily be compared to the average salary in the private sector;
6. Consider increasing the decompression factor, through increasing salaries for senior civil servants at the level of the Federation of BiH where the decompression factor is 1: 1.8, which is below the recommended Sigma standard of 1: 2. To this end, at the level of FBiH, with prior consideration of fiscal possibilities, it should be planned to increase the decompression factor to a minimum of 1: 2, in order to comply with Sigma principles. In the mid-term, the possibility of increasing the decompression factor to 1: 3 should be considered, in order to ensure harmonization with other levels of government in BiH (where the degree of decompression is 1: 3), all in order to increase the motivation of civil servants to take over a higher degree of responsibility;
7. Consider the mechanisms for rewarding civil servants in the Federation of BiH and Republika Srpska, in order to improve the motivation and efficiency of civil servants. To this end, we suggest that, after considering the fiscal situation, the entities consider the possibility of introducing a quarterly bonus for work results that would amount to 10 percent of the basic salary of civil servants (with the exception of managerial positions of civil servants where the bonus for results could be amounts up to 20 percent of the basic salary). It is also necessary to link the evaluation system with the system of remuneration of civil servants, in order to improve the efficiency of the evaluation system;
8. Ensure the competitiveness of salaries of civil servants with salaries in the private sector at all levels of government, through the harmonization of salaries in the civil service / administration in relation to the growth of living costs (consumer prices), as well as in relation to gross domestic product growth, all in accordance with the fiscal policies in BiH;
9. Introduce a limit on the possibility of employment under a service contract to a maximum of 5-10 percent of the total number of full time employed of a civil service / administration bodies.



Ovaj projekat finansira  
Evropska unija

# JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

## Annex 1. Salaries of civil servants in BiH institutions for 2020 (without the bonus for years of service)

| Pay grade | Work position   | Coefficients for payment steps |      |      |      |      |      |      | Salary base for 2020 | The zero step height of the salary | Food allowance* | Holiday pay (monthly)* | Basic net salary (zero step) with food allowance and recourse in KM |
|-----------|---|--------------------------------|------|------|------|------|------|------|----------------------|------------------------------------|-----------------|------------------------|---|
|           |   | Zero                           | 1    | 2    | 3    | 4    | 5    | 6    |                      |                                    |                 |                        |   |
| B1        | Associate   | 2,10                           | 2,17 | 2,20 | 2,25 | 2,28 | 2,33 | 2,37 | 475,69               | 999                                | 176             | 25                     | 1 200   |
| B2        | Senior Associate  | 2,35                           | 2,40 | 2,45 | 2,50 | 2,53 | 2,60 | 2,70 | 475,69               | 1118                               | 176             | 25                     | 1 319   |
| B3        | Expert advisor  | 2,73                           | 2,80 | 2,90 | 3,00 | 3,10 | 3,20 | 3,28 | 475,69               | 1299                               | 176             | 25                     | 1 500   |
| B4        | Head of Department, Head of Group in the Indirect Taxation Authority of BiH                                   | 3,25                           | 3,35 | 3,50 | 3,70 | 3,90 | 4,10 | 4,25 | 475,69               | 1546                               | 176             | 25                     | 1 747   |
| B5        | Assistant Head of the Administrative Organization, Secretary of the Administrative Organization,              | 3,55                           | 3,67 | 3,79 | 3,91 | 4,04 | 4,18 | 4,31 | 475,69               | 1689                               | 176             | 25                     | 1 890   |
| B6        | Head of the basic organizational unit of the Presidency of BiH,   | 4,20                           | 4,35 | 4,50 | 4,65 | 4,80 | 4,95 | 5,05 | 475,69               | 1998                               | 176             | 25                     | 2 199   |
| B7        | Secretary of the Ministry, Deputy Head of the Administrative Organization, Secretary on a special assignment, | 4,50                           | 4,65 | 4,80 | 4,96 | 5,11 | 5,30 | 5,46 | 475,69               | 2141                               | 176             | 25                     | 2 342   |





Ovaj projekat finansira  
Evropska unija

# JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

|    |  |      |      |      |      |      |      |      |        |      |     |    |       |
|----|--|------|------|------|------|------|------|------|--------|------|-----|----|-------|
| B8 | Secretary in the Presidency of BiH           | 5,51 | 5,69 | 5,88 | 6,07 | 6,28 | 6,48 | 6,70 | 475,69 | 2621 | 176 | 25 | 2 822 |
| B9 | Director of the administrative organization, | 6,50 |      |      |      |      |      |      | 475,69 | 3092 | 176 | 25 | 3 293 |

\* The food allowance in 2020 is 8 KM per working day. On a monthly basis, on average, it amounts to 176 ( $8 \times 22 = 176$ )

\*\* The holiday pay for 2020 is 300 KM, which expressed on a monthly basis is 25 KM.



Ovaj projekat finansira  
Evropska unija

# JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

## Annex 2 Salaries of civil servants in the administrative bodies of the Federation of BiH for 2020 (without bonus for years of service)

| Pay grade | Work position  | Coefficient | Salary base for 2020 | Salary calculation point | Basic net salary in KM | Food allowance | Holiday pay (expressed on monthly basis) | A special allowance | Basic net salary with food allowance and holiday pay |
|-----------|--|-------------|----------------------|--------------------------|------------------------|----------------|--|---------------------|--|
| I         | Secretary of the Government of the Federation; secretaries of the houses of the Federation Parliament  | 6,5         | 330                  | 1,0                      | 2.145                  | 211            | 40                                       |                     | 2 396  |
| II        | Head of the independent federal administration and the independent federal administration body, directors of offices and services established by the FBiH Government; secretaries of the Constitutional Court, the Supreme Court, the Federal Prosecutor's Office and the Federal Attorney's Office; Director of the Federal Tax Administration; directors of penitentiary institutions; Chairman of the Civil Service Appeals Board; secretary of the federal administrative body; Director of the Civil Service Agency | 6,2         | 330                  | 1,0                      | 2.046                  | 211            | 40                                       |                     | 2 297  |
| III       | Members of the Civil Service Appeals Board; Deputy Director of the Federal Tax Administration: Deputy Director of Penitentiary Institutions; assistant head of the federal administrative body; secretary of the federal administrative organization   | 5,7         | 330                  | 1,0                      | 1.881                  | 211            | 40                                       |                     | 2 132  |



Ovaj projekat finansira  
Evropska unija

# JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

|    |  |      |     |     |         |     |    |  |       |
|----|--|------|-----|-----|---------|-----|----|--|-------|
| IV | Head of the federal administrative body and fed. org. which are part of the ministry; assistant head of the federal administrative organization; chief federal inspector; senior civil servants in offices and services established by the Federation Government; assistant directors of the Civil Service Agency; Assistant Secretaries of the Government of the Federation; advisor in the Constitutional Court of FBiH; expert court advisors in the Supreme Court of the Federation; expert advisors in the Supreme Court of the Federation; expert advisers in the Federal Prosecutor's Office; internal auditors | 5,2  | 330 | 1,0 | 1.716   | 211 | 40 |  | 1 967 |
| V  | Assistant to the head of the federal administrative body and the federal administrative organization within the federal ministry; the secretary of the federal administration and the federal administrative organization within the federal ministry; heads of cabinets of the Deputy Prime Minister of the Federation Government   | 4,85 | 330 | 1,0 | 1.600,5 | 211 | 40 |  | 1 852 |
| VI | Chief of Staff of the head of a federal administrative body and a federal administrative organization not headed by a managing civil servant; the head of the basic organizational unit which is not managed by the managing civil servant; secretaries of the working bodies of the houses of the Federation Parliament   | 4,6  | 330 | 1,0 | 1.518   | 211 | 40 |  | 1 769 |



Ovaj projekat finansira  
Evropska unija

# JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

|      |                                      |     |     |     |       |     |    |        |              |
|------|--------------------------------------|-----|-----|-----|-------|-----|----|--------|--------------|
| VII  | Head of internal organizational unit | 4,5 | 330 | 1,0 | 1.485 | 211 | 40 |        | 1 736        |
| VIII | Federal Inspector                    | 4,3 | 330 | 1,0 | 1.419 | 211 | 40 | 20-30% | 1 954 -2 096 |
| IX   | Expert advisor                       | 4,1 | 330 | 1,0 | 1.353 | 211 | 40 |        | 1 604        |
| X    | Senior Associate                     | 3,9 | 330 | 1,0 | 1.287 | 211 | 40 |        | 1 538        |
| XI   | Associate                            | 3,7 | 330 | 1,0 | 1.221 | 211 | 40 |        | 1 472        |

\* The food allowance is 1% of the average net salary paid in the Federation according to the latest statistics. As the average salary in the Federation in December was 958 KM, the food allowance was 211 KM per month. (9.58\*22)

\*\* Compensation for the use of annual leave for 2020 is determined in the amount of 50% of the average net salary paid in the Federation according to the last published statistical data. As the average salary in the Federation in December was 958, the holiday pay was 479 KM, which, expressed on a monthly basis, is 40 KM.



Ovaj projekat finansira  
Evropska unija

# JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

## Annex 3 Salaries of civil servants in Republika Srpska for 2020 (without the bonus for years of service)

| Pay grade | Pay subgroup    | Work position   | Coefficient | Price of labour in KM | Salary before taxation | Basic personal deduction in KM (on a monthly basis) * | Income tax base | Income tax rate | Income tax amount | Salary after taxation KM |
|-----------|-----------------|---|-------------|-----------------------|------------------------|---|-----------------|-----------------|-------------------|--------------------------|
| I         |                 | Assistant Minister, Secretary of the Ministry, Head of the republic administration and republic administrative organization, director of the central unit for harmonization of internal audit | 25,50       | 100                   | 2.550                  | 500   | 2050            | 10%             | 205               | 2345                     |
| II        | First subgroup  | Deputy and assistant head of the republic administration and the republic administrative organization   | 24,30       | 100                   | 2.430                  | 500   | 1930            | 10%             | 193               | 2237                     |
|           | Second subgroup | Secretary of the State Administration Agency  | 22,55       | 100                   | 2.255                  | 500   | 1755            | 10%             | 175.5             | 2079.5                   |
| III       | First subgroup  | Head of the Department, Chief Inspector and Head of the Internal Audit Unit   | 20,80       | 100                   | 2.080                  | 500   | 1580            | 10%             | 158               | 1922                     |
|           | Second subgroup | Expert advisor  | 20,00       | 100                   | 2.000                  | 500   | 1500            | 10%             | 150               | 1850                     |



Ovaj projekat finansira  
Evropska unija

# JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

|     |                 |  |       |     |       |     |      |     |       |        |
|-----|-----------------|--|-------|-----|-------|-----|------|-----|-------|--------|
|     | Third subgroup  | Head of Department and Head of Bureau            | 17,60 | 100 | 1.760 | 500 | 1260 | 10% | 126   | 1634   |
|     | Fourth subgroup | Internal auditors                                | 16,45 | 100 | 1.645 | 500 | 1145 | 10% | 114.5 | 1530.5 |
| IV  |                 | Inspectors                                       | 16,45 | 100 | 1.645 | 500 | 1145 | 10% | 114.5 | 1530.5 |
| V   |                 | Senior associates with higher education          | 15,25 | 100 | 1.525 | 500 | 1025 | 10% | 102.5 | 1422.5 |
| VI  |                 | Professional associates with higher education    | 10,80 | 100 | 1080  | 500 | 580  | 10% | 58    | 1022   |
| VII |                 | Professional associates with secondary education | 8,40  | 100 | 840   | 500 | 340  | 10% | 34    | 806    |

\* In accordance with the Law on Income Tax, the amount of the basic personal deduction on an annual level is 6000 KM, which on a monthly level is 500 KM





Ovaj projekat finansira  
Evropska unija

# JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

## Annex 4 - Salaries of civil servants in the administrative bodies of Brčko District for 2020

(without the bonus for the years of service)

| Pay grade                                    | Work position  | Pay subgroup | Coefficient | Salary base for 2020. | Net salary in KM |
|--|--|--------------|-------------|-----------------------|------------------|
| Mandatory positions of senior civil servants |  |              |             |                       |                  |
| X  | Director of the Finance Directorate  | X 2          | 5,145087    | 654,20                | 3365.92          |
| X  | Director of the Treasury and Director of the Tax Administration                                      | X 1          | 4,894294    | 654,20                | 3201.85          |
| IX   | Coordinator in the BD BiH Coordinator's Office at the BiH Council of Ministers                       | IX 6         | 4,654898    | 654,20                | 3045.23          |
| Employment Committee positions               |  |              |             |                       |                  |
| VIII   | Permanent member of the Employment Committee   | VIII 5       | 3,274392    | 654,20                | 2142.11          |
| Management positions of civil servants       |  |              |             |                       |                  |
| X  | Director of the Public Property Management Office  | XI           | 4,894294    | 654,20                | 3201.85          |
| IX   | Chief of Inspectorate  | IX 4         | 4,209162    | 654,20                | 2753.63          |
| VIII   | Head of Office and Head of Sector in the Mayor's Office  | IX 1         | 3,618936    | 654,20                | 2367.51          |
| VIII   | Head of the Office of the Director of the Finance Directorate, Head of the Budget Preparation Office | VIII 6       | 3,441960    | 654,20                | 2251.73          |
| VIII   | Head of subdivision  | VIII 5       | 3,274392    | 654,20                | 2142.11          |
| VIII   | Head of office, head of sector   | VIII 5       | 3,274392    | 654,20                | 2142.11          |
| VIII   | Assistant Chief of the Inspectorate - Chief Inspector  | VIII 3       | 2,966347    | 654,20                | 1940.58          |
| Special positions                            |  |              |             |                       |                  |
| IX   | Administrative Inspector   | IX 3         | 4,002252    | 654,20                | 2618.27          |
| IX   | President of the Appellate Commission  | IX 3         | 4,002252    | 654,20                | 2618.27          |
| IX   | Member of the Appellate Commission   | IX 2         | 3,805606    | 654,20                | 2489.63          |
| Civil servant positions                      |  |              |             |                       |                  |



Ovaj projekat finansira  
Evropska unija

## JAČANJE UPRAVLJANJA LJUDSKIM RESURSIMA U BOSNI I HERCEGOVINI

|      |  |        |          |        |         |
|------|--|--------|----------|--------|---------|
| IX   | Public Administration Reform Coordinator                           | IX 1   | 3,618936 | 654,20 | 2367.51 |
| VIII | Head of Department in the Mayor's Office                           | VIII 4 | 3,115949 | 654,20 | 2038.45 |
| VIII | Head of department   | VIII 4 | 3,115949 | 654,20 | 2038.45 |
| VIII | Head of service  | VIII 3 | 2,966347 | 654,20 | 1940.58 |
| VIII | President of the Exhibition Council                                | VIII 4 | 3,115949 | 654,20 | 2038.45 |
| VIII | Assistant Coordinator in the BD Office at the Council of Ministers | VIII 4 | 3,115949 | 654,20 | 2038.45 |
| VII  | Secretary to the Deputy Mayor                                      | VII 6  | 2,567748 | 654,20 | 1679.82 |
| VIII | Chief Inspector  | VIII 3 | 2,966347 | 654,20 | 1940.58 |
| VIII | Inspector  | VIII 1 | 2,692531 | 654,20 | 1761.45 |
| VIII | Expert advisor   | VIII 3 | 2,966347 | 654,20 | 1940.58 |
| VII  | Senior Associate   | VII 5  | 2,450671 | 654,20 | 1603.23 |
| VII  | Associate  | VII 1  | 2,053726 | 654,20 | 1343.55 |
| V    | Expert clerk   | V 4    | 1,500558 | 654,20 | 981.67  |