



BOSNA I HERCEGOVINA

FEDERACIJA BOSNE I HERCEGOVINE

FEDERALNO MINISTARSTVO FINANSIJA

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# DIGITALIZATION OF BUDGET FUNCTION:

## GENERAL POTENTIAL AND WORK ON IT IMPROVEMENTS IN THE FEDERATION OF BOSNIA AND HERZEGOVINA (FBIH)

*Alija Aljović, Assistant Minister for Budget and Public Expenditure, Federal Ministry of Finance (FMF)*

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- I. General potential of the digitalization of the budget function**
- II. Current work on improving IT systems for budget planning in the Federation of Bosnia and Herzegovina (FBiH) – to enable the implementation of a new program and performance budgeting design (PPB)**
- III. Planned path for further IT improvements in the FBiH – establishing a direct link with strategic planning processes**
- IV. Key challenges**

# DIGITALIZATION FROM THE BUDGETING PERSPECTIVE

Digitalization is already transforming the public sector; **understanding** (the basic and potential advanced) **impacts on the budget function is important for planning staff, data, tool and process capacities:**

1. **integrating financial and non-financial data** – enhancing PPB, establishing a link with data on performance indicators with regard to service users/citizens ( and even establishing a direct link with statistical/admin data)
2. **Improving interinstitutional cooperation** – integrated platforms between the MF and line ministries/agencies
3. **enhancing budget transparency** – advanced interactive platforms
4. **automation of routine tasks of budget analyst, giving way to a shift in focus toward more strategic tasks** – faster preparation of budget documentation, with potential AI use for expenditure ceilings
5. **advanced analytics and simulations for budgeting** – big data and advanced analytics for expenditure forecasts and scenarios
6. **dynamic budget adjustments throughout the year** – plan adjustment according to economic circumstances/crises and the use of predictive analytics for trends requiring current budget adjustments to, for example, minimize future deficits.

# CURRENT WORK ON IT IMPROVEMENTS IN THE FBIH (I)

## WHY DID WE INITIATE THE IT IMPROVEMENTS?

In Bosnia and Herzegovina, PPB was not part of official budget documentation and was essentially not used.

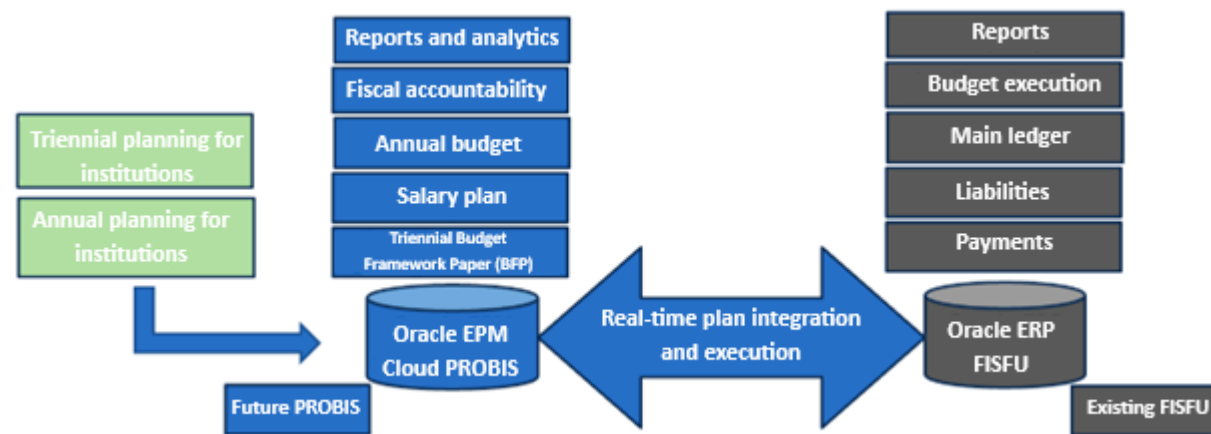
The new PPB system (largely based on knowledge acquired through the PEMPAL BCOP) was designed to address the following weaknesses:

1. non-standardised budget program scope and an excessively fragmented program budgeting structure
2. significant differences between the users
3. insufficient quality of indicators
4. overly detailed forms
5. insufficient link with strategic planning
6. inadequate and out-of-date IT system.

THE MAIN OBJECTIVE WAS TO CREATE A SIMPLE PPB DESIGN WHICH WOULD BE:

- i) **FLEXIBLE** – in terms of the nature of competence of each institution
2. **LINKED WITH STRATEGIC PLANNING IN A DIRECT AND TARGETED MANNER**
3. **ABLE TO BE IMPLEMENTED** – including the IT part and the budget execution and audit system
4. **USED IN PRACTICE** to inform DECISION-MAKING.

**NEW IT SYSTEM:** uses cloud-based technology and establishes a link between budget planning and execution using the same technologies.



# CURRENT WORK ON IT IMPROVEMENTS IN THE FBIH (2)

## Advantages of data entry into PROBIS:

- standardised and structured data entry
- employment dynamics and salary costs planning module
- direct integration with Excel
- validation of data in terms of set limits in real time
- fewer errors and better control over versions of budget documents
- faster data processing and reduced administrative burden.

## Better cooperation with line institutions:

- centralised interaction platform
- data can be simultaneously entered and viewed
- transparency and monitoring changes in real time
- faster validation of budget requests and fewer delays.

Entry of salary costs | Entry of BFP | Versions

Budget user: 1201 Government of the FBiH | Programme: The Executive of the FBiH – Office of the Prime Minister and Deputy Prime Minister and Government Work | Special surveillance budget item: No item

The Executive of the FBiH – Office of the Prime Minister and Deputy Prime Minister and Government Work

Excluding item:

BFP: 10 Budget funds

PART 1: PROGRAMME INFORMATION	
PROGRAMME CODE	20011607601220
User	2001 Federal Ministry of Health
Strategic objective of the user	Promotion of health services and the efficiency of the health care system of the FBiH
Main programme	Health protection
PROGRAMME	Coordination of the organisation and development of health care in the FBiH
Organisational units in the programme system	Health Care Capacities Planning and Development Sector Health Care Institutions Coordination Sector
Priority/measure from the Development Strategy of the FBiH to which the programme contributes	Enhancement of the approach to basic health care services in rural areas
Priority/measure from the adopted sectoral strategy to which the programme contributes	Development of primary health care with a focus on preventive medicine
Programme objectives and key activities	Enhancing the accessibility of health care through the modernisation of health care institutions and the strengthening of health care worker capacities
Legal basis of the programme (key legislation):	Health Care Act of the FBiH, health insurance Act of the FBiH
Programme head	Test, MD
Key proposed priority activities/projects within the programme	Construction of new community health centres in remote regions, training health care workers for work with specific groups of patients
List new proposed expenditure proposals	Procurement of medical equipment for primary and secondary health care, investment in the digitalisation of patient records
Key challenges/obstacles to achieving programme objectives	Insufficient expert staff in rural areas, insufficient funds for a continuous maintenance of health care institutions

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2025 Year total
1	1	1	1	1	1	1	1	1
1	1	1	1	1	1	1	1	1
1	1	1	1	1	1	1	1	1
1	1	1	1	1	1	1	1	1
1	1	1	1	1	1	1	1	1

PART 2: PROGRAMME PERFORMANCE											
Name of performance indicator	Target indicator value	Realised indicator value	Current year	Target indicator values							
				Previous year		Next year (the year for which the planning is done)		Next year +1		Next year +2	
				Target indicator value	Realised indicator value	For the total request	Of which: for new expenditure proposals	For the total request	Of which: for new expenditure proposals	For the total request	Of which: for new expenditure proposals
Output (direct results)	Number of newly constructed healthcare establishments	2	3	1	1	1	2	1	2	0	
	Percentage of increase in the number of healthcare workers	10%	12%	5%	10%	1%	10%	1%	10%	1%	
	Degree of modernisation of medical equipment	70%	65%	75%	80%	7%	85%	6%	90%	5%	
	Primary health care coverage of rural areas	85%	83%	87%	90%	6%	92%	4%	95%	3%	
	Percentage of digitalised patient records	60%	58%	65%	70%	8%	75%	7%	80%	6%	

# CURRENT WORK ON IT IMPROVEMENTS IN THE FBIH (3)

## Creating reports and data analyses:

- automated reporting
- option of creating custom reports according to user needs
- enhanced fiscal indicators analysis.

## Digitalisation of mandatory forms:

- compliance with regulations through digital forms
- streamlined filling out and submission process
- better data control and corrections
- reduced paperwork and administrative errors.

Heading	Title	Economic code	Description of economic code	2024 BUDGET		2025 BUDGET				
				2024 budget	Budget execution for the I-VI period of 2024	Requests from budget users	Source 10 Budget funds	Source 20 Own income	TOTAL	Index %
1	2	3	4	5	6	7	8	9	12	13=12/5
10 Parliament of the FBIH										
1001 House of Peoples of the Parliament of the FBIH										
Total Programme										
Excluding programme										
		611	Salaries and compensation for employee costs	7,093,338	5,979,722		7,196,542		7,196,542	1,439,308

Question Forms

### Fiscal accountability – entry

Scenario: Budget user  
Budget: 1201 Government of the FBIH

Control question

1. The strategic plan was drawn up and published on the official ministry/administrative body [1]

2. Programmes from the financial plan for budget and extra-budget with the objectives from the strategic plan of the ministry/ad

#### FISCAL VALUATION STATEMENT FORM

Form FP – DA

A 1 Regulation processor		CODE		NAME													
Heading	1201	Government of the FBIH															
B 2 Basic data on the regulation proposal																	
Budget	YES	Decision	NO	Strategy	NO												
Regulation	NO	Other acts	NO	Other planning acts	NO												
Regulation name																	
C 3 Fiscal effect																	
3.1 Budget revenue and receipts																	
CODE	NAME	ANTICIPATED REVENUE AND RECEIPTS IN YEAR no=1					ANTICIPATED REVENUE AND RECEIPTS IN CURRENT YEAR no=1					ANTICIPATED REVENUE AND RECEIPTS IN CURRENT YEAR no=2					
		Budget	Earmarked sources	Other sources	Total additional revenue/receipts	Revenue and receipt plan in the current budget	Total revenue and receipts after execution	Budget	Earmarked sources	Other sources	Total additional revenue/receipts	Revenue and receipt plan in the current budget	Total revenue and receipts after execution	Budget	Earmarked sources	Other sources	Total additional revenue/receipts
1	2	3	4=1+2+3	5	6=4-5	7	8	9	10=7+8+9	11	12=10+11	13	14	15	16=13+14+15	17	18=16+17
711000	Income and corporate taxes																
712000	Social welfare contributions																

# PLANNED PATH FOR FURTHER IT IMPROVEMENTS

## Path going forward – integration with strategic planning

- establishing a direct link between IT system for PPB and the system for strategic planning (strategies, measures, indicators)
- the application is integrated with ERP to monitor budget execution
- continuous optimization of the budget process with the support of advanced analytics.

**FMF\_**

**1 Announcements**

**Important dates**  
28/02 Instruction 1  
30/04 Submission of BFP data  
30/06 Instruction 2  
31/07 Submission of budget data  
31/08 Budget finalisation

**Programmes** **BFP** **Budget**

**Rebalance** **Fiscal accountability** **FIA module**

**Application** **Tools** **Academy**

# KEY CHALLENGES

1. **Insufficient capacities of budget planning staff** – need for both basic and continuous training.
2. **Particularly insufficient IT staff capacities in the public sector, resulting in a dependence on the external experts and systems which are expensive and complicated with regard to future system adjustments.**
3. **Strong cyber-security measures are required.**
4. **Processes for collecting and using administrative data on activities/performance indicators are not well linked in terms of content/essence, IT, and procedures** – major efforts need to be invested to create the conditions for the introduction of big data and advanced/predictive analytics.
5. **Overall, there is a reluctance when it comes to the use of AI and advanced analyses (fear of erroneous results) in such sensitive and important tasks.**
6. **It is unrealistic to expect openness to the consideration of introducing “dynamic budget plan adjustments” in the current phase.**

**Detailed advice from international organisations and examples of advanced good practice from other countries will be of major importance in the upcoming years - we hope to receive them through PEMPAL.**





**THANK YOU!**