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MASTER'S THESIS

THE EFFECTIVNESS OF COMMUNICATIONS REGULATORY BODIES: THE CASE OF COMMUNICATIONS REGULATORY AGENCY OF BOSNIA AND HERZEGOVINA

Ljubljana, June 2017   VLADE SRDANOVIĆ

AUTHORSHIP STATEMENT

The undersigned Vlade Srdanovic, a student at the University of Ljubljana, Faculty of Economics, (hereafter: FELU), author of this written final work of studies with the title The Effectivness of The Communications Regulatory Bodies: The Case of Communications Regulatory Agency of Bosnia and Herzegovina, prepared under supervision of Prof. dr. Vedad Silajdzic.

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INTRODUCTION

Modern institutions of Bosnia and Herzegovina have been involved in the process of the institutional establishment over the last two decades. This particular process often involved dramatic changes to previous forms of legal structure. In some circumstances, administrative expansion was made without considering a long term planning and foreseeing how the institutional development will shape the governance of the young state. The rigidity of legal structure in Bosnia and Herzegovina assured that there was no change of constitution over time. A legal transformation that would overwhelm the establishment of new state bodies did not happen. The question that remains is how capable Bosnia and Herzegovina is and how variations of the importance of subjects like communications and broadcasting shaped the modern governance.

The purpose of the master thesis is to assess the effectiveness of the CRA of Bosnia and Herzegovina (hereinafter: CRA). Such attempt will be the first ever after founding of CRA and introduction of Law of Communications in Bosnia and Herzegovina. A complementary objective of the thesis is to establish the elements of effectiveness specifically adjusted for the communications regulator and test them through practical field work. The elements of effectiveness would later provide information to the regulator and government. Moreover, the results of the investigation would display the current circumstances at the CRA and the results would later represent a valuable informative tool. The principle objective of master's thesis is to contribute to better understanding of the elements of effectiveness that can be used in effectiveness assessment of the Independent Regulatory Communications Agency of Bosnia and Herzegovina. Moreover, it would be important to assess the effectiveness of the CRA of Bosnia and Herzegovina as it is in its current status and to provide information for further investigations.

The process of institutional set up in a post conflict country, in the beginning, was dynamic, yet challenging and bringing instabilities along. Later the slowness of process was associated with a significant opportunity cost primarily caused by the lack of political agreement between the parties involved that once again represented the nationalities of citizens in Bosnia and Herzegovina. This process was not the only process taking place, to understand the chaotic reality of time one has to consider different courses happening alongside from 1996 to 2003 in a war disfigured country, including: privatization of state owned capital, return of refugees, reconciliation process, new currency, foreign peace keepers, mandate of high representative, three separate armies, war crimes processing, lack of police agencies on a state level and no indirect taxation office.

Some institutions developed along the process before the others like Council of Ministers, the Parliamentary Assembly, Central Bank and others necessary to manage basic legislative functions and foreign policy representing in its early days while the second and tertiary line of institutions set up was unusually late. This was the case of most regulatory bodies and various agencies including the Agency for prevention of corruption that was set up in 2011 as one of the latest institutions. Some institutions of Bosnia and Herzegovina developed in a way that two

committees were integrated together, one dealing with a specific matter and one at the level of Council of Ministers.

Among the institutions set up in 2003 was the CRA, an independent state regulatory agency. To some, the agency was set up unusually early; to others, it only highlights the needs present at the time and to the third opinion it was a project of much higher purpose. Understanding the role that the media played in the process of disintegration of former Yugoslavia and the war that followed, the international community considered it was essential to prevent mass media against fall under the control of government officials or political party leaders. This current objective, as well as the simultaneous demands to respond to the complex challenges of the liberalization and privatization of the communications sector in Europe, the international community has sought to create an independent regulatory authority, and legal and institutional framework necessary to protect and preserve its independence. The CRA became an institution when the Parliamentary Assembly adopted the Communication Law of Bosnia and Herzegovina in 2003 and continued to function on independent level, being regulatory, having judiciary elements, and at the same time being the scale of balance between the free market, the society, ensuring public interest and fair competition while avoiding and preventing national tensions.

It can still be considered, although it would for few in Bosnia and Herzegovina be politically incorrect that institutional setup process is still incomplete. The number of regulatory institutions in Bosnia and Herzegovina cannot be considered as enormous when comparing the overall regulatory system of European Union (hereinafter: EU) member states. However, the current path of Bosnia and Herzegovina towards the European integration might stipulate further institutional enlargement in terms of regulatory institutions. The approach of communications regulatory agencies was first introduced in the context of Open Network regulatory provisions, which created a regulatory framework for the liberalization of the communications sector. At this point, the EU required all member states to form regulatory bodies and have the mechanism of implementation of the liberalization process.

Network industries are crucial for the functioning of any country in the world. In the previous state of Yugoslavia they were initially considered exclusive "natural monopolies" according to Turudić (2014) and the provision of network services was permitted only to the state monopoly. This approach was diminishing over the years leaving in favor of opening the market. Currently, the regulatory performance in Bosnia and Herzegovina seem to go along with the overall performance of the public sector, which according to many, including the yearly European Commission 2015 report on Bosnia and Herzegovina and obstruction of public sector reform doesn't seem to be at the best pace. Performance based report by the State Audit Office (hereinafter: SAO) should determine if the current practices are fair, just and fulfilling the government's expectations. The report has never been prepared to current date for any regulatory body. Moreover, this suggests a lack of vision of the government, audit, civil society and media in the performance of CRA and other regulators.

One of the tools to measure overall regulatory quality is assessing the effectiveness of in this case independent regulatory body. Effective and independent regulatory bodies are not a luxury;

they are not an element that the country can afford only when their economy is already flourishing. They are first of all necessary to the economy, in general, to begin to prosper. Regulatory authorities are helping the market function by ensuring that natural monopolies provide consumers with optimal price and service, and ensuring that in strategic sectors such as utilities they establish equal starting positions for all, in order to allow companies to operate in conditions fair competition at the interest of society.

CRA of Bosnia and Herzegovina is provided with a steady annual financing. Additional source of income is received through certificate issuing and penalties suggesting the basic inputs exist, however, the legal capacity of communication law is stagnant during the previous twelve years, signifying the regulation in legal terms did not advance beyond established capabilities, while communication industry in the country went through theatrical changes over the adjacent period of time. Simultaneously, countries like United Kingdom, Denmark, Norway and Australia went through dramatic regulatory reforms in the recent decade. Such judgment additionally questions the effectiveness of communication regulator in Bosnia and Herzegovina in terms or necessary legal capability to successfully perform the work of the agency prescribed by law in modern time perspective. Additionally, such statement questions functioning of regulators at the organization level which combined with inputs from government level forms the basis for achieving institutional effectiveness.

Finally, the topic of regulatory institutions and its enhancement will unquestionably be important in terms of European integrations and the regulation segment, in general, will be affected too. The readiness to change of current institutional capacity of Bosnia and Herzegovina will be put to test and during that course, the new regulatory agencies will emerge, the procedure to measure institutional effectiveness will be an important skill in forthcoming time. Following that, the new relationship towards regulatory institutions will have to be established with a stronger accent on quality assurance, accountability and performance measurement.

The thesis is structured in order to start with a review of the literature, briefly passing over the theory of regulation, how regulation developed and how it looks today in perspective of the European Union and other high-end regulatory benchmarks like members of the Organization for Economic Cooperation and Development (hereinafter: OECD). Moreover, the literature review will briefly cover other aspects of regulation like effects of corruption, independence in regulation, over regulatory reform to a development of regulation in Bosnia and Herzegovina and the current position of CRA.

Furthermore, the chapter on research methodology thesis provides detailed information on research methodology including participants of the investigation and design of determinants of effectiveness. The chapter is concluded with the procedure of investigation and method of analysis. The final chapter on research findings provides detailed information on questions of the interview and specific answers to every question that are coordinated with previously established elements of effectiveness.

1 LITERATURE REVIEW

1.1 Regulation theories

Theories on regulation may have great value, however the regulation has to be industry specific, to further explain this statement Tirole and Laffont developed a model known as Laffont-Tirole model as a mechanism which would further treat regulation on Principal-Agent basis in a way that the regulator should observe the realized costs of production more closely and that should result in a choice that more efficient firms should be given more high-powered incentives (Tirole, 2014). Contrary to developed countries with advanced regulatory institutions that have different laws for broadcasting, telecommunications, fixed assets for communications as (Mundi, 2010) suggests. Independent regulatory agencies are a modern form of market regulation. While they were invented in the United States in the nineteenth century to protect administrative decision making from parties the agencies spread around mostly western states regulating the public utilities in the beginning. The regulatory agencies over time also appeared in the form of independent central banks or cartel offices.

The CRA of Bosnia and Herzegovina was established in 2003 when Parliamentary Assembly adopted the Law of Communications. It was fairly late for such law to be adopted considering the entire institutional set up after the Dayton Peace Agreement in 1995 and overall development of broadcasting and technology. The communications law served as a primary law in the creation of Communications agency. The CRA's core mission is to: issue emitting permits, ensure and promote competitiveness, support participation and the role of citizens in creating and promoting the media sector, to protect all consumers of media sector from discrimination, to support the introduction of new technologies in accordance with the needs of consumers and to advertise and support the development of information society in Bosnia and Herzegovina. According to Zhang and Thomas (2009) institutional development of regulators is considered a factor of competitiveness, an instrument in support of sustainable economic growth.

Currently, the same legal capability of communication law and thus capacity of the Agency is retained suggesting the communication regulation did not develop beyond the limits set back in 2003, while communication sector in the world passed through a complete revolution in the previous decade additionally debunking the effectiveness of communication regulator in Bosnia and Herzegovina. Late 1990's and early 2000's were the peaks of the technological revolution as the world was experiencing the revolutionary expansion of communication, computer and other technology that would also strongly influence everyday lives of almost all citizens on earth and so in Bosnia and Herzegovina. The scope of telecommunications that went on since 1980's according to Kawabata (2001) expanded with the introduction of new services, such as value added networks, cellular phones, integrated services, digital networks, telecommunication and it became a major industry due to the expansion of the internet and digital communications.

Simultaneously in rest of the world regulation became the important way for the state to intervene in various fields of business and economy (Pakutinskas, 2007) and furthermore central element in the reform of market governance has been the delegation of powers by national governments to independent regulatory authorities (Thatcher, 2005). The intervention itself became powerful enough to stimulate or suppress the development of areas like telecommunications or public broadcasting in an even technological sense. Furthermore, according to Pakutinskas (2007), the more power is granted to the certain institution (so called regulator), the more important becomes the issue of the regulated regime. Based on such statement importance of communications is beyond any discussion, but would the power granted to such regulator ever be justified? Therefore it is extremely significant to determine why it is crucial to determine various forms of legal regulation and most of all which forms are useful to the sector and which are not having any effect. In this sense regulation of communications in Bosnia and Herzegovina should be performance analyzed by the State Audit Office which is only credible to determine if the current practices are effective and how much of opportunities are lost every year, such analysis based on performance effectiveness has never been completed.

Regulatory agencies in the EU can be solely categorized on the basis of their functions including the adoption of individual decisions, technical or scientific advice to the Commission and the Member States, responsibility for operational activities, information and networking services and services to other agencies and institutions (Europa, 2008). Independent regulatory Agencies were created in various sectors and at different governmental levels to implement liberalization policies (Maggetti, Ingold, & Varone, 2013), and furthermore to implement the new rules of the game regarding the regulation of competition that replaced public monopoly, the provision of the universal services, third party access to the industrial networks, fair access pricing, additionally suggesting the change of rules over time particularly in the communications sector where the entire game can change in a single decade and in addition raises the question of effectiveness, willingness to change and flexibility of regulators. Moreover, according to Nobel Prize winner Jean Tirole (2014), the modern theory of regulation characterizes the optimal regulation under realistic assumptions about information asymmetries, the distributional concerns of the government and the social costs of the public. The effect of a regulatory action on market outcomes is more than verified and strong regulatory regimes intend to cause positive market outcomes while contrary to that where protections are weak outcomes are poor. The key concerns regarding these studies are perceived as the accounting standards, appropriate disclosure and transparency of information, protection of minority shareholders, high governance standards, robust legal regimes, insider trading laws and effective enforcement actions.
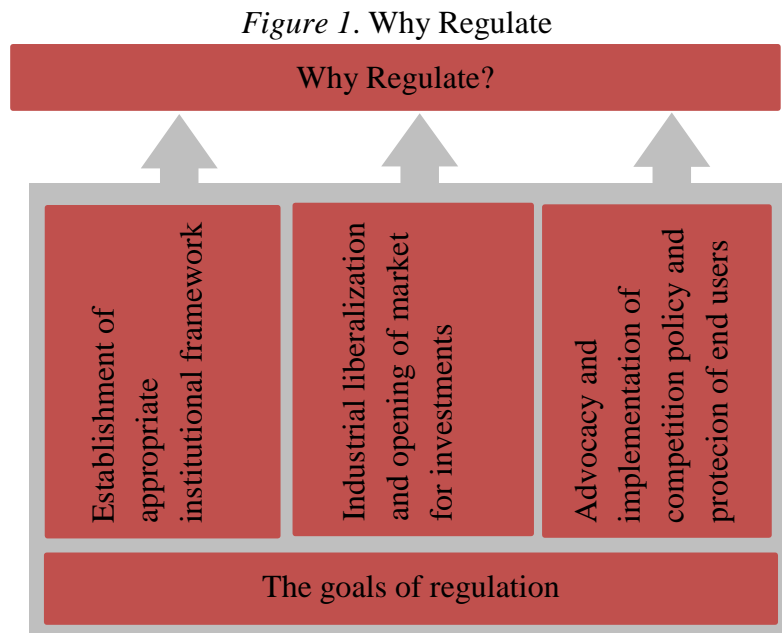
Figure 1. Why Regulate

Efficacy, according to Xanthaki (2014) is the ability to produce the desired regulatory outcome. Achievement of a desired regulatory goal is the joint task of all regulatory elements in the regulatory process, including policymakers, drafters, and enforcers of legislation. Therefore effectiveness is the goal of the regulator in its full capacity and not only the team that created a legislative draft. Moreover, the quality of legislation is attached to effectiveness rather than efficacy. However, the effectiveness may be regarded as an impact of the drafter of regulation to the usefulness of the regulation he drafts through the conception of a text proficient enough to achieve the desired goal. The goal of regulator is observed through monitoring the degree willingness of population under the direct influence of regulation to behave according to the regulation taking place. According to Ellig (2011) regulatory agencies in the United States very often do not analyze the problem of a certain misbehavior looking for a cause, instead, they simply observe the problem and attempt to solve it. If the root of the problem stays intact the same situation will happen again concluding that such behavior of regulators creates enormous costs to the taxpayers in the United States. Moreover, according to Kaufmann, Aart and Mastruzzi (2010) government effectiveness is the awareness of quality of public and civil services related to degree of independence from political influences where high importance is given to the quality of policy drafting and implementation, with credibility of the government's commitment to such policies, while regulatory quality relates to the ability to draft and implement positive policies that promote development of private sector.

Effective regulation should reflect quality and performance based standards rather than directing the means to achieve those standards. The cost of regulation mostly include the direct cost of complying with the regulation that must be borne by the regulated undertaking and the ongoing supervisory and enforcement costs of the regulator as well as the market costs and inefficiencies caused by regulatory intervention. Examples were incompatibility of current legal system and administrative culture with the model of Independent Regulatory Agencies

(hereinafter: IRA) went as far as the complete failure of the broadcasting system that took place in Germany. Reluctance towards the independent regulators was mostly caused by German legal doctrines based on accountability delegation, discretionary decision making and power to non-majoritarian bodies and trust in regulatory capacity of traditional bureaucracy (Meier, 1992). On the other side regulators in the United States, specifically, the telecommunications regulators are already ahead in choosing the most appropriate forms of regulation from the rate of return of regulation, incentive regulation, rate case moratoria, pure price cap regulation (Sappington, 2003). Telecommunications regulators already adopted the alternatives and are already choosing the next most appropriate and most effective way of regulation while the regulators in Bosnia and Herzegovina are still using the same legal approach that did not change over the past twelve years. As pointed out by Viscusi (2006) there was a major wave of the regulatory bodies set up in the 1970s, mostly regarding the Health Safety and Environmental regulation in the United States, the government established new regulatory agencies with broad functions. The establishment of these organizations did not take place because there was increase in society risks, but mostly because the importance and use of people increased, whether it was the cellular, automotive, environmental, and broadcasting. Established elements defining degree of efficiency in telecommunications policy including role of regulators in firm decision making, amount of cost information needed for rate setting decision, extent of earnings insurance and timing of rate review (Kim & Gerber, 2005).

The main characteristics of ineffective regulators include rigidity of legal and regulatory framework, lack of clarity in the definition of the respective role of actors, inadequate mechanisms for the promotion of the consultation and transparency and inadequate resources, monitoring and enforcement of license conditions (Attenborough, Koch, Maiorano, & Miller, 2004). As a demonstrative example of limitations of regulator's independence is organizations ability to secure funding from a foundation or government for its work, in practice that foundation has a chance to influence the organization's agenda (Hira, Huxtable, & Leger, 2005). Moreover, as Quintyn (2009) describes effectiveness of independent regulatory agencies depends on interaction with other branches of government. Furthermore, Quintyn (2009) suggests early models of regulators also known as central banks are the ones on which experiences legislators can learn enormously as they were prototypes of modern regulators. In case of early Central Banks much consideration needed to be given to the governance itself which excluded terms of integrity, independence, transparency, and involvement of stakeholders. To conclude, according to Gehring (2004) who studied German regulatory system; independence of the regulators doesn't completely mean that they should be de facto independent from adopting arbitrary decisions.

To work effectively, the regulatory authorities must have a clear mandate and the necessary level of discretion and must be free of political interference. Policy making and regulation are adequately connected. By withdrawal from direct control of large sectors of the economy, governments cannot disclaim responsibility for the overall strategy. The job of the politicians is to appropriate the policy and to resolve the problem of regulatory bodies which cannot

regulate the market. Once this is complete, they have to allow the regulatory agencies to do their job and in this sense, there are many misunderstandings in Bosnia and Herzegovina. The regulatory body should only be responsible for consumers, taxpayers and the governing bodies. Similarly, according to Yeung (2009), IRA's are often confronted with mutually conflicting demands coming from agency's stakeholders and the government. This happens because agencies are operating close to the government and they feel heaviness to validate their decisions while regimes under which they work change with time. With a clear mandate and clearly defined parameters of discretion, the regulator can preserve its own independence and authority and at the same time effectively respond to the political guidelines.

To understand the principles of subjective decision making, the drafter has to decide, in a sensible and knowledgeable way, how to apply such principles to the tangible future sets of regulation that will work. Therefore the drafter has to understand the theoretical principles that need to be applied. Furthermore, according to Xanthaki (2014) effectiveness is the part of the functionality that all regulators require, in this way effectiveness can apply to universal principles of drafting the legislation, being better positioned and bypassing the barriers of other national laws and other complexities. Therefore if effectiveness if the essential concept of functionality and functionality of legislative drafting, effectiveness emerges as a qualitative definition of quality in legislation. Since the legislation is the most unpretentious and most common tool for regulation, and a tool only to be used if everything else will fail, then a good law is simply a law that, if it enjoys support and cooperation from all actors in the legislative process, is capable of producing the regulatory results required by policymakers. In other words, according to Xhantaki (2014), a good law is most definitely a law that is capable of attaining the regulatory reform that it was released to affect or support. A qualitative definition of quality of legislation is considered to be closely related to the effectiveness of legislation and it defines a good law as the one that always has the capacity to lead to the efficacy of regulation. Therefore, the most important goal of any law is to be capable to of achieving reforms that are requested by legislators at a certain point.

However, the qualitative functional approach according to Xanthaki (2014) is not the only element because it is not the only principle of efficiency as there is: cost efficiency, clarity, precision, and unambiguity. When such principles are applied in reality in most of the cases they lead to good laws. However, each profile of a drafter brings with itself different subjective choices based on the functionality principle of effectiveness. In the end, the element that makes a law good law is the ability of the drafter to use the criterion of effectiveness consciously and correctly.

The definition of legislative quality was introduced to help drafters in conceptualizing the results they would want to obtain through legislative drafting, primarily based on the principles of the hierarchy of values and use of efficiency as an optimal goal in functional quality that Xhanthaki (2014) states. The current quality of EU regulation doesn't support the legislative advancements in terms of quality of legislation. However, the recent improvements in the EU

governance related to the regulatory reform reveal that there are certain definitions of quality of legislation, especially in 2020 Agenda.

One emerging phenomenon continues taking place and in such matter dangerously eroding the foundations of democratic political systems. This phenomenon simultaneously happens in many countries and definitely in the region of South East Europe and some can see it as a reassignment of political power from parliament, governments, administration to various non-elective and non-representative bodies which are not part of the public administration hierarchy but in a form of very strong political power through the application of public authority. The same phenomenon common to countries with weak democracies also continues to happen in Bosnia and Herzegovina putting under question the independence from political influence and overall intentions of regulators. Members of the board of CRA are chosen by the Parliamentary Assembly whose members represent direct will voters (eligible citizens with voting right), however, the members of the Council of Ministers are not the representatives chosen in the elections and they represent a political structure.

Analysis concluded by Maggetti (2010) suggests that independence from political decision makers is a necessary condition for the full independence of agencies in policy making, while on the other side low de facto independence and low professionalization are enough to explain the outcome of an agency (Buess 2013), mostly recognized for low effectiveness of regulators. Perhaps one of the most vivid resemblances from the past according to Prado (2008) was the case of Brazilian government regulatory agencies established between 1996 and 2002, following the very ambitious privatization package for Telecommunications, oil, gas, electricity and other infrastructure sectors. Brazilian regulation agencies had institutional guarantees of independence and turned to be failure caused by strong political influence and lack of integrity. However other researchers like Campbell (1998) suggest that advisory bodies chosen from and by the political circle are likely to set up a quasi-institutional transformation in that way completely shift the purpose of regulation and overall policies, while Business interveners have much less chance of achieving the same.

Regulatory reform has become an important issue in politics around the world, both in developed and developing countries. To make regulatory reform achieve benefits, regulatory mechanisms must be transparent, coherent and comprehensive, from the establishment of an appropriate institutional framework. Additionally, liberalization of the industry, advocacy, implementation of competition policies, as well as opening the internal and external markets for entry of investment are desired requirements in the process.

Creating a regulatory framework for liberalization of the communications sector, the European Union requires all member states to form regulatory bodies and have the mechanism of implementation of the liberalization process. This approach, which was first introduced in the context of Open Network regulatory provisions, i.e. Directive 90/387 / EEC, further states the introduction of a new regulatory framework for electronic communications in 2002. In paragraph 11 of Directive 2002/21 / EC states: "In accordance with the principle of separation

of regulatory and operational principles, the Member States will guarantee the independence of regulatory bodies in order to impartial decision-making." Therefore, giving powers to member states to decide who is going to appoint regulatory bodies must ensure that the regulatory body has "fulfilled the preconditions in terms of adequate personnel, experts, and financial resources to carry out regulatory tasks and implementation of the mandate."

In addition, the EU Directive (2002) 22/EC obliges regulators to perform jurisdiction impartially and transparently, while the lack of clearly defined competencies of relevant may have a negative impact on the entry of new market participants. The European Commission also stresses the importance of the regulatory authorities to have effective enforcement measures resulting from the application of procedures for monitoring the application of the regulatory framework, including the possibility of imposing sanctions. Thus, during the formation of regulatory authorities in the communications sector legislators, the main task is to establish effective mechanisms to guarantee the full independence of the regulator of the legislative, executive and judicial authorities, as well as industry, which is regulated.

Some of the indicators that determine the degree of independence consider the relationship with the holders of legislative and executive authority (parliament, government, ministries), the manner of appointment of managerial staff (appointment and the principle of recruiting staff), possibility of independent management assigned financial and material technical resources in order to effectively respond to operational requirements and priorities. In addition to the known reasons, among other, it is important for the regulators to be independent in order to have the transparent implementation of sectoral policies that support: liberalization of the communications sector, encourage private investment and create a stable and predictable legal regulatory environment. In this way, there is a guarantee to all market participants that they will be treated in a fair and impartial manner.

According to Szydlo (2014), support of the European Court of Justice to the EU regulators guarantees regulatory authorities a far reaching independence in practicing their powers. European Court of Justice protects national regulatory agencies against various other public subjects including national parliaments. This may question the constitutional principles of any member state especially in the domain of law which states that regulation delicate to the citizens should be in the domain of the Parliament. Therefore Parliaments should more closely monitor the activities of regulatory bodies with the main goal to give legal right to national regulators, to stipulate the fundamental rights of regulated parties and further support the EU objectives given at the EU level. The current regulatory condition in Bosnia and Herzegovina not only doesn't follow the EU and regional regulative policies but the Council of Ministers and Parliamentary Assembly do not attentively monitor the actions and needs for actions by the CRA.

The most noticeable characteristics of the EU regulatory authorities are the "far reaching discretionary and independent regulatory powers". Those discretionary regulatory powers are used by national authorities to influence the legal position of actions in the sectors concerned in a way to obtain a number of economic and social policy goals. The problem for the regulators

rises when the goals in question turn to be in collision with one another and the only way to prevent such situation is that regulators must weigh these goals on a case by case basis search for the most acceptable solution. This, in turn, additionally reinforces the national regulatory authority's discretionary powers that become much more extensive than is the case with most of the typical administrative authorities. The national regulatory authorities in the EU are protected by the EU legislator from any direct influence from other national authorities. The EU legislator does this by ensuring the full independence of regulator by the member state. Moreover, national authorities are prohibited from seeking or taking directions from any other body related to the implementation of responsibilities given to regulatory bodies.

The great depression from the 1930s was perhaps the most influential milestone that caused a shift from market dominance to a regulated economy. This new regulatory concept was presented in President Roosevelt's New Deal as a network of institutions, rules and limitations regarding the financial market which was followed as examples by other countries too. After the World War II, this fifty years old regulatory system was rearranged into the Bretton Woods system that allowed a period of development and progress of incomes together with economic welfare in post war countries. According to Schwartz (2007), regulation is crucial in the EU in order to protect physical health, safety, security, and finances and moreover to assure that the public services are provided in a good manner, efficiently, and effectively. It is proven in the case of regulation that careful oversight prevents accidents and disasters. Conversely, defective regulation brings limited responsibility for a large number of numerous environmental, industrial, financial, and service disasters during the course of modern history. Extraordinary ethical motivation is needed if supervisors are to accomplish their hefty moral responsibilities toward society related to the resource limitations, organizational benefits, and environmental pressures.

In regards to the regulatory reform according to Jordana, Levi-Faur and Puig (2006) there are still questions that have not been answered; one of them is the extent of influence of the pace of regulatory reform in the EU and how the regulatory reform advances through incremental steps, but mostly in which moments the regulatory expansion becomes more concentrated. Moreover, the question that worries many is to identify the determining factors of solidity and change in EU regulatory policies. The regulatory reform of the European Union is affected by two diverse variables, the ideological arrangement and distance of the EU's legislative bodies, and the ability to form political coalitions in the European Council and the member states.

According to Beatjer (2015), there is also a fate in the market that regulates itself which is more suitable than government regulation. It does so because of the way each process is itself regulated, or not. Moreover, government regulatory agencies in a certain way work like unregulated monopolies unaccountable to the public in any eloquent way. By contrast, in the process where market forces regulate the question of effective regulation becomes important, while the process of market regulation is described as the creation of order, following standards and rules comparing regulation to a thermostat that regulates the temperature in the building. In the same manner, market forces regulate themselves continuously as competing businesses

offer what they hope will be good value, customers choose among the various offerings, competing businesses react to those customer choices, and then customers choose again. That process is the market's regulator.

The public today seem unaware of regulation by market forces. In the foundation to the masses, the "regulation" means "government regulation" only. However, the government regulation is not the only kind of regulation. Moreover according to Beatjer (2015), the public should stop discussions on regulation versus deregulation, about regulated markets versus unregulated markets. There are no unregulated markets because market forces regulate and in this case, the only choice that should be made is between the government regulation and regulation by market forces.

There are also advanced opinions on this topic such as the ones of Goldstein (2000) who decomposes the self-regulation on a simple human discrete level which shows how self-regulation when concerned on basic regulatory needs, individuals being part of the general public focus on the presence or absence of positive outcomes are progression oriented. In contrast according to the same author, when self-regulating in regards to the security needs individuals and the general public is focused on the absence or presence of negative outcomes that are the concern of the regulation and according to this theory, the public is prevention focused. Therefore it is not surprising that general public would better appreciate the regulatory goal of ensuring necessities (preventing loss) than the goal of attaining gains.

In older theories on regulation according to Berry (1982), there are three traditional theories each pointing toward "regulatory capture" or "regulatory failure". The first comprises theories of "commission inadequacy" focused on the inadequacy and weaknesses of regulators from its staff, budget, independence and capability to draft the regulation. The other two theories are comprised of "group theories" which perceive regulation as a mean of distributing benefits to influential groups in the general public. In this sense, it would be appropriate to mention the regulatory crisis in the United States from 1978 when media fueled by corporations and supported by president's economic advisors and President Carter himself together with Federal court. Corporations started waging war against regulation which According to Tirman (1978) caused low safety and working conditions, work related diseases became an epidemic. Productivity and profits were lowered, factories were shut down. Moreover, a transfer of power was evident, from ones who manufacture goods to those who produce ideology.

The most influential theory is Stigler's (2003) rise of regulation. He observes regulation as a good supplied by the state and demanded by private groups, and claims that its provision can be predicted by analyzing the interaction between supply and demand. Furthermore, he assumes that the state has a "basic resource power to coerce," but that private groups (industries and consumers) have varying demands for this power. However, the most questionable issue that arises from such theory is the weakness of supply side because the political elites appoint

regulatory directors and commissioners on a limited time, in the case of CRA the directing board members, are less likely to be appointed ever again.

Corporate governance is an issue that attracts an immense attention in policy circles. It certainly challenges social scientists who analyze the impact of globalization on convergence. By focusing on a single sector in the four largest European economies According to Goldstein (2000) one should most certainly question how did former state-owned pillars, adapt to the easy life of monopoly power and to what extent can some features of public services and regulation hinder the pursuit of profit maximization for private shareholders. Furthermore, according to Goldstein (2000), there is a low degree of compatibility between social democracy and the Anglo-Saxon public company of extensive ownership and strong safeguards for small investors. As European social democracies have moved rightward in recent years they have undertaken privatization and helped disperse ownership of former public monopolies. In Britain, where the political center of gravity has moved farthest to the right, British Telecom has become a purely public telecommunications firm. On the other end of the spectrum in France (and to a lesser extent Germany), the government remains firmly in control of the main telecoms operator.

Additionally, according to Hardy (2009), the forces of globalization shaped the world in modern years, the world was influenced by progressing changes in technology and development of worldwide markets. Therefore connectivity and in this sense telecommunications have been in the center of this modern revolution which made countries and governments worldwide dream of new opportunities based on exploitation of those technological advancements like increasing the level of exports, exporting technology, building military supremacy, exporting culture and all other various forms of benefits, that would, in the end, bring certain advantage and prosperity. The best way to exploit such technologies was to liberalize their telecommunications regulation, particularly by founding new independent regulators and by privatizing state owned telecom companies.

In recent two decades, the most exploited points of a Washington consensus were taking place ex-Yugoslav countries too, those are the liberalization towards trade and foreign direct investment, privatization of state owned capital, and deregulation of barriers to enter the market. In telecommunications, according to Hardy (2009) more than 129 countries formed independent regulatory powers over the 1990s and more than 100 countries privatized the state owned monopoly operators. Many countries worldwide endorsed such similar market oriented reforms in such a short period of time. Furthermore Hardy (2009) argues the interactional organizations played a critical role in the spread of these reforms, yet not as traditionally conceived. The membership in key interactional organizations, especially the World Trade Organization (hereinafter: WTO) and the OECD, is strongly associated with the timing of liberal reform in telecommunications.

Figure 2. Change in regulatory density in the EU
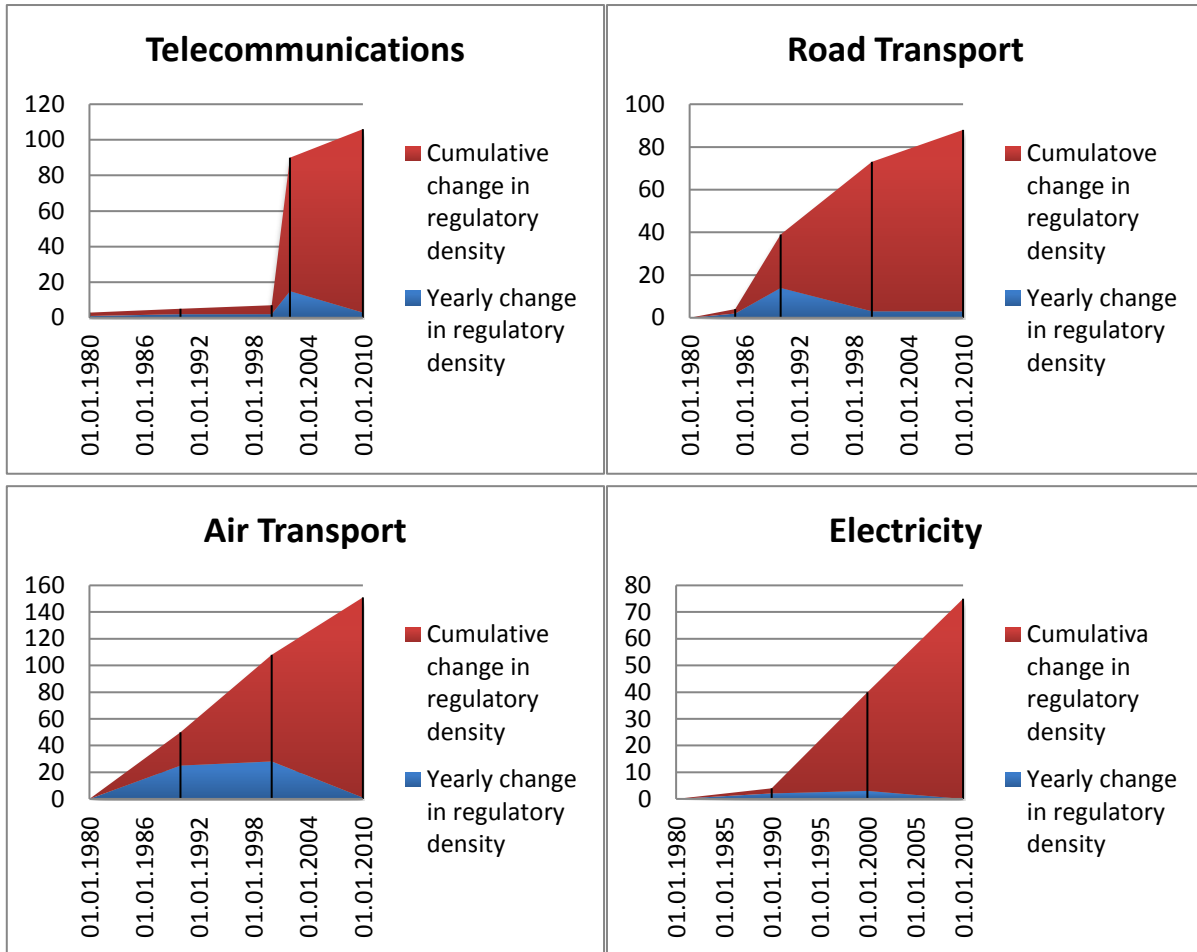
Source: City, M., & Justensen, M.K. *Measuring and explaining regulatory reform in the EU, (2014)*.

The four sectors are categorized by different volumes of regulatory legislation issued in the EU from 1980 to 2010. As Figure 2 shows, sectors like air transport and telecommunications cover a complex number of measures of regulatory increase. This trend seems to have a foundation in the cumulative frequencies of regulatory changes, presented in bright gray in Figure 2. Such increase over the years in these sectors was mainly caused by the role of technology, the safety requirements and simultaneous expansion of trans-European networks. The figure is primarily focused on the yearly changes in regulatory density which is different and independent for each of the sectors where the regulatory density refers to the frequency of the regulation in a specific sector. Furthermore, Figure 3 shows the volume of regulatory legislation issued in the EU from the 1960s until 2010. The figure is attended to explain the regulatory trend over time. It can be concluded how an increase in privatization of state-owned capital in telecommunication companies was followed by regulatory legislation and vice versa. Moreover, regarding the time perspective of telecommunication privatization, it is evident that a large scale privatization of other three major sectors from Fire 2 started to happen almost twenty years later. The road and air transport achieved high yearly change in regulatory density in 1986, to compare, seventeen years later the regulation started to exist in Bosnia and Herzegovina, fourteen years have passed, nine years ago the last policy was adopted.
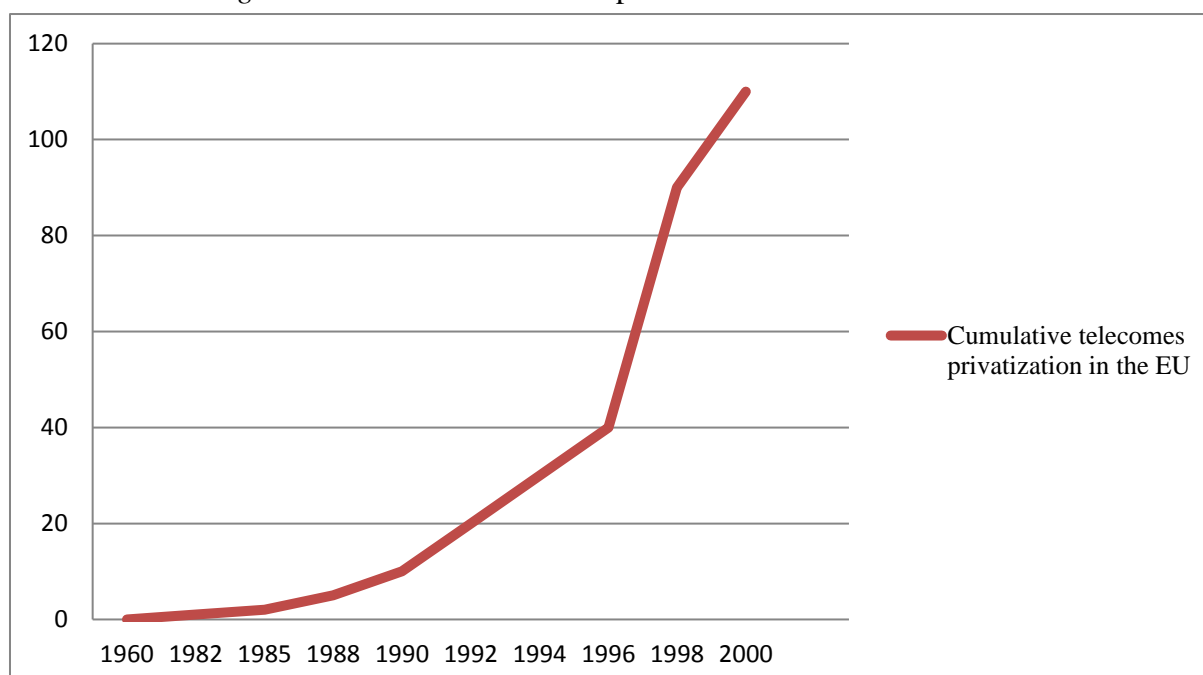
Figure 3. Cumulative telecoms privatizations in the EU

Source: City, M. & Justensen, M.K. *Measuring and explaining regulatory reform in the EU, (2014).*

According to Mayo (2014) in the long history of relationship between markets and government, the drafting of regulation was excessively many times influenced by the ideology at the moment which according to Mayo is unfortunate guidance for regulatory policy because the real world almost never obeys to the belief that government can repair every market failure and because the temper of people changes over time and becomes less obeying which means that ideologically driven regulation will fail and prevent growth that produces innovation. Furthermore as noted by President Obama, a regulatory goal of his Administration was to root out regulations that conflict, that is not worth the cost, or that are just plain worthless and outdated." But determining which regulatory constraints are "worthless" is not stress-free.

The process of identifying regulatory constraints does exist and it evolved from the continuous examination of regulation during the past 50 years. An example includes airline industry in the United States which in a certain period was price deregulated and as a result promoted better economic welfare than at the period when prices were regulated. A number of similar and simple comparisons continued to happen over the time which led to the same conclusion about price regulation. The same examples continued to prevail in the long distance telecommunications, the rail industry, and trucking. However, on the other side failures in the financial sector caused the economic slowdown and more awareness of regulators which affected the price regulation and resulted in lower economic welfare in the long term.

The importance of regulatory control in specific industries provides the economists and policy makers with the ability to observe directly when, and under what industry conditions, regulation or deregulation has resulted in improvements. Furthermore, according to Mayo (2014), development of regulation design should never be influenced by any ideology but only practical

results that regulatory decisions influence, or results based regulation (hereinafter: RBR) which is an approach to regulation that will ensure in the long term to never lose the intended purpose of regulation. According to Boldero and Higgins (2011), ideology would not be incalculably important when taking economic decisions compared to the regulatory focus, although ideology in some western countries plays an important role, in the end, it becomes suppressed by regulation when economic decisions are taken. To further explain RBR theory Dorsch, Dunz and Maarek (2015) revisit the role of macro shocks as a filter for political instability and use of certain informational channels through which such macro shocks may trigger the costly political action when the autocrat chooses to create rents through regulation. In the telecommunications industry application of RBR principles can be seen to open policy channels where entrenched ideological pretense offers none. In his study Meier (2008) fruitfully explains looks for reason why German telecommunications regulator did not achieve its founding purpose because the independent regulatory agency was poorly designed and it became ensnared in the politics that created it, while the case provides a telling example of a misfit between national legacies and the IRA model without any results based regulation. In Germany, the sector of media regulation is shaped by strong tensions between the policy goals of securing services of general interest and creating a competitive market for broadcasting.

Besides the theory of results based regulation according to Meier and Homburg (2009), the main focus is to identify patterns in and linkages between the internet's mediated disclosure policies, use by stakeholders and compliance by companies. Having presented empirical facts in the three case studies, they identified conditions and established pillory instrument under which the regulatory criteria contribute to the moderation of societal risks caused by acts of companies. The innovative use of this pillory instrument takes place for two reasons. The first reason is a technological one: the costs of disclosing information have decreased because of the internet, so in this way opening up new options to governments. The second reason for innovation concerns the changing role of government in society. The 'pillory' can be regarded as a fitting substitution in times when the central normative position of the government is disputed. In a network society, the government can no longer claim a central normative position but assumes a rather minimalist stance. The government is no longer telling companies what to do but rather enables stakeholders to tell companies what to do by exposing their behavior.

Furthermore, according to Jacob, Hertin, Hjerp, Radaelli, Meuwese, Wolf, Pacchi and Rennings (2008) better regulation agenda has spread rapidly in the recent decade at the EU level and in the member states and therefore the term better regulation became a label for the regulatory reform. In a study prepared by Radaelli and Fritsch (2012), governance innovations are taking the approach of following the lifecycle of regulations and laws in different life stages, from early to maturity stage and considering the design of the policy and stages of implementation of the policy. In European policy, this set of innovative improvements is defined as a Better Regulation (hereinafter: BR). The BR influences the way in which rules are assessed before adoption, how stakeholders interfere in policy making, how the members of parliament should evaluate the evidence based on policy proposals at the inspection and enforcement level.

Furthermore, according to Radaelli and Fritsch (2012) motivation to invent such new technics is primarily aimed to: bring change governance and law making processes through the increasing role of evidence in public decision making and by bringing all stakeholders for consultations in the early stage when a policy is being aimed at the certain problem. The modern governance inventions should result in increased competitiveness through deregulation and simultaneously provide efficient and effective regulation to address the current problems, while improving procedures. Another motive for the development of new regulatory practices is the transparency of the whole process that should provide detailed information on the costs and benefits of the regulation to all stakeholders. Additionally, according to Jacob et al., (2008) the terms of governance, competitiveness, and legitimacy are coined together in the definition of better regulation, which also could be commonly considered by European policy makers as political manifestation. However, Radaelli and Fritsch (2012) have different view on BR agenda which according to them does not have a clear identity of its own and as such is not a conceptual subject, but rather it is a shielding term used at regulatory reforms in the context of reregulation and deregulation and at the best refers to the regulatory reform while at its worst it can even be an empty political phrase. Therefore the position of better regulation concept in sense of regulatory reform strategies is utterly unstable.

Additionally, according to Radaelli and Fritsch (2012), the regulatory reforms in Europe were conducted in the waves starting from 1980's when liberalization and privatization of state owned businesses were the primary characteristics. The newly established markets became highly competitive and completion was to be regulated in those early regulatory agencies using basic tools available at the time. The results of European and domestic state court decisions, international market pressures and technological changes mainly speeded the process of liberalization. In other states, liberalization was the product of neoliberal models that supported by the political parties involved in governments. The following and by many the second wave of regulatory reform in Europe started with the execution of the Single European Act plan for a single market in Europe which was about reforming government structures, either domestic ones or on a multilevel that would ultimately deliver policy goals, at the time the phenomena such as international regulatory competition and convergence became to exist. The third wave was the BR agenda of reforms which went beyond any individual sector such as telecommunications, security, water, air, medicines, nuclear energy, and so on by addressing the matter of how to manage a lifecycle of regulation with a 'whole of government' method, the idea of managing the regulatory lifecycle with meta rules, while previous waves of reform have targeted specific sectors.

The third regulatory wave of reforms encountered certain changes in Europe, in countries like France, Greece, Germany and Italy the better regulation agenda was seen as tool to modernize the state and public administration and reinvention of departments and their goals, the result would be the slim state, concept termed to describe simple public administration without too many burdens that would complicate management and make it more expensive.

In their assessment of better regulation Black (2007) and Radaelli (2007) suggest to redefine better regulation as a type of meta regulation because it doesn't address the specific regulatory needs it is rather a set of rules to be achieved by certain departments and the primary book of rules and standards which are used to produce, evaluate, assess and approve regulation. The policy objectives of better regulation can vary from reducing regulatory costs for businesses to balancing private and public interests in regulatory governance architectures.

According to Radaelli and Frisch (2012) reform of the public sector means nothing else than the need of the public sector to be reinvented and moreover the need for such reinvention occurs at a fast pace. Modern public administration literature has failed to link BR to topics such as the delegation of regulatory powers and the trend towards 'value for money' as the BR went largely unnoticed even though better regulation was a new wave of regulatory reform. In Europe, this wave has faced some countries certain policy makers became involved. The whole process affected the new type of public management and continued to affect the reforms and the law making process. Better regulation continued to provide a good insight into the changing and characteristics of the new regulatory state in the EU and its member states. It also continued to provide many theoretical suggestions, such as the existence of a meta-regulatory which only draw our attention to the key elements of the evolution of complex governance architectures. Mostly the theory of better regulation still contributes to a more informed understanding of where power lies in areas such as policy formulation, core executive dynamics, and the control of the law making process.

1.2 Regulation, communication and corruption

In order to understand the roots of corruption in society in her research Damania, Fredriksson and Mani (2004) blame political instability in any country as the main reason for embedded corruption and fortifying effect on corruption. Political instability allows lobbyists to shift their attention to a weak government in achieving their interest and in that way corruption gradually becomes self-sustaining. In addition, such government where there is political instability puts more attention on political contributions and less on the results of its policies. Such view could easily be questioned in reality of Bosnia and Herzegovina with its continuous episodes of political uncertainty. Moreover, according to Duso (2005), there is a strong evidence of a correlation between political environment and regulatory results. In addition, according to Stern and Cubbin (2005) the industry and the regulatory system must be founded in an effective governance structure. Accordingly, there is no effective regulation within corrupt systems and unreliable judicial powers. Corrupt deals are designed to bypass regulations and undermine its effectiveness.

Similarly, accordingly to Mendez (2014), an increase in corruption is directly related to the increase in bribing opportunities and avoiding the law becomes easier which in the end significantly lowers the regulatory capability. Development of institutions is completely attained in most European states; however the evidence of corruption still continues to exist.

The analysis that Mendez (2014) used in this study is based on the company data from the World Bank's Performance Survey that included more than 4100 companies in 26 transition countries. The survey was conducted from 1999 to 2000 and examined a wide range of relations amongst private companies and the state itself with regulatory compliance among them. The survey contains detailed information regarding bribes paid to government officials and the purposes for which they were paid, making it one of the best sources of information available on corruption at the firm level.

Since in 1990s public communication became important in regulatory organizations because regulators are neither democratically elected nor formally accountable to politicians and therefore such agencies need to use communication strategies in order to justify their transparency and accountability in order to mitigate democratic deficits. Therefore communication is such an important element for a regulator to protect its accountability, transparency and in the end to foster its effectiveness.

In a study prepared by Puppis, Maggetti, Gilardi, Biela, and Papadopoulos (2014) a process of allocation of decision making from democratically elected to non-elected bodies still continues to happen with sustained indications that the whole process will ultimately lead to denationalization of Europe. According to Jordana, Levi-Faur and Fernanderz-i-Marin (2011) creation of independent regulatory bodies is the result of global diffusion process and regulators in that sense were established to ultimately join the network of transnational regulatory bodies that are in high degree independent and self-directed in policy making while democratically elected politicians are becoming less significant. According to Harcourt and Radaelli (1999), the non-majoritarian technocrats are becoming more important than democratically elected members of Parliament.

The most important kind of unelected players are independent regulatory agencies who have been established worldwide to cover various segments from financial to utilities. Independent regulatory agencies were entrusted only with statutory independence from the pressures of political decision-makers with a goal to protect the credibility and longevity of regulatory policies. Moreover, statutory independence supports the efficiency of decision making through technical expertise. Members of Parliament delegate crucial regulatory functions to IRAs: goal formulation, information gathering, rulemaking, monitoring and control, enforcement, adjudication, and the application of rewards and sanctions.

Independent regulatory agencies enjoy their independence while being separate from government decision making and from the industries they regulate and as such characteristics allow them they can make strong impact in the area of regulation. According to Papadopoulos (2007) Independent regulatory agencies are also surrounded by a difficult accountability subject because the agencies work at arms-length away from governments and their accountability is more difficult to understand because there are fewer mechanisms to determine accountability and there is less communication with formal political and executive powers. According to Maggetti (2012), a system of oversight can be developed to monitor accountability of independent regulators without sacrificing their independence. Moreover, communication with

media plays the most important role throughout any system of oversight currently present and because it involves the wider public. Communication with the wider public should be one of the top priorities of regulatory governance.

Furthermore, according to Black (2008), it can be argued that communication contributes to the accountability of regulatory agencies and might eventually help them to mitigate their essential self-governing deficit. Moreover, regulatory communication can also be hypothesized as an instrument of industry regulation by shaping of communication function the regulators can choose what and how to communicate with political actors, the target industry, wider public and to which extent to use communication as an instrument of regulation. According to Majone (1999), the mutual trust would be important, in his theory of fiduciary relationship and active and well-balanced communication strategy would bring independent regulators to a better position concerning public support and independence from political actors. Moreover, future development of communication according to Puppis et al., (2014) aims at comparing the public communication of regulators with media attention and interest of all other agencies and different stakeholders in order to fully understand the phenomena. Global developments like the financial crisis and high interest of media as the crisis unfolded could be expected to shape the consistency employed by regulations. However, if too many communication strategies are employed the whole communication process may turn into public relations. Moreover, the third and most serious development may be the media coverage of regulators with too much unnecessary attention. One positive alternative to the traditional use of media is the use of modern internet based communication via the websites and social media or the newsletters in order to bypass the traditional channels of communications.

In regards to the communication with citizens, there are some rather unexpected views which according to Irvin and Stansbury (2004) recount that inclusion of citizens in policy processes in areas like environmental protection may downgrade long efforts. Moreover, there is a difficulty to measure progress in the well-being of the citizens as they become involved. Additionally, some argue that there is wastefulness of process associated with inclusion of citizens as the financial resources associated with their inclusion could be used somewhere else. Besides, such views all argue for the full transparency of the process.

According to Shapiro and Morgan (2016), another way to phrase the benchmark of executive accountability is to ask whether the regulatory reform leads to regulatory decisions that are more responsive to the preferences of elected officials. We do not need to agree that increased responsiveness is a good thing to assess the more positive question of whether agencies are more or less responsive. However, we do need to think about whether the success of a regulatory reform is measured by responsiveness to the coalition that passed the regulatory reform or to later coalitions that then use the reform to oversee agencies. These substantive concerns with regulation can be understood in a way that regulations cost too much (one could add the qualifier "without producing sufficient benefits," but many regulatory critics do not add this critical phrase). Indeed, the passages of many of the statutes considered in this Article were

accompanied by speeches about reduced burden, either on the general public or on a particular constituency (such as small businesses).

1.3 Regulation in European Union with an example of the Czech Republic

On the EU level Regulation serves many purposes from protecting health by ensuring food safety, protecting the environment by ensuring air and water quality and stimulating innovation to set the rules for companies competing in the marketplace creating a level playing field. Regulation is the modern and necessary aspect of contemporary society, It is possible to regulate at all levels, at local, national and international level. Regulation on EU level means there is a set of commonly agreed rules that are applied to the territory of the European Union, according to the European Commission (2006). In countries like Canada where regulatory reform has taken place for more than two decades serious discussions are being held about reregulation and furthermore improvement of regulation. The latest opinions by Dunbar and Leblanc (2007) include ideas about effective regulation which should be direct at achieving policy objectives, must be achievable in the sense that compliance must be within the control of the regulated entity and it must be enforceable.

Additionally, in his article Szydlo (2012) argues that the EU legislator should achieve greater judicial coherence by being more involved with the constant application of EU regulatory framework for network bound sectors by the national courts through hearing appeals against regulatory agency's decisions. In order to achieve such a level of judicial coherence, the EU Directives should be tools with such characteristics that are easy to use quickly when the situation requires. One of the mechanisms should include practical and institutional features that describe how judgments by national courts may be affected by European Commission, EU agencies or other national agencies and courts. Moreover, Szydlo (2012) suggests that the final goals of such institutional tools would be to create the network of institutions among the EU and in that way to support their cooperation in order to facilitate the regulatory activity of national courts. Such consistent application of institutional mechanism would as the final goal achieve objectives set in the EU regulatory framework and at the same time be a way of achieving such goals that are perfectly aligned with positive principles of EU law. An example where regulatory activity is under a direct influence of other EU authorities is with the national financial regulators that continue to be under influence applied by the European supervisory authorities which to some extent shows how coordination of actions of national judicial institutions hearing appeals against decisions of national regulators is still a problem for the EU legislator.

To understand how regulation issue naturally developed as a result of deeper systemic change from within the system was set up and followed by EU legislation, one has to look into examples of other states; and for the purpose of this thesis and better understanding of the process of regulatory development the Czech Republic was chosen as an example that has similar political and developmental background like the most Western Balkan countries, yet the story of Czech alignment process ended with acceptance to the EU. According to Skudder (2003) in his case

study over privatization of Czech telecommunications after the political system, social and economic change in the Czech Republic in 1989 to some extent replicates the situation that Bosnia and Herzegovina faced in the post war institutional development. In a situation where market liberalization and privatization were dominant forces Czech government in the early 90s struggled to establish the steady market economy and attract foreign investments. The government saw its chance in development of telecommunications as one single goal that would support all other efforts in building the economy while at the same time telecommunications development and liberalization of market was one of the key condition to a successful integration process to the EU that finalized in 2004, therefore the whole process started with a single goal.

At the time the Czech Republic had three major issues which needed to resolve and at the same time to find a correct relationship between them. First problem and the most important policy goal was the privatization of the state owned Czech Telecom Inc., which was a company completely owned by the state and was the only company at the time that could provide telecommunication services through the country, so the telecom was a monopoly and at least one part of it needed to be privatized.

The second most striking problem at the time was need of the young state to develop its markets and sell its goods, only at that time whole business environment had changed. The Czech Republic also needed to take membership at the World Trade Organization (WTO) and General Agreement on Trade in Services (hereinafter: GATS), the trade agreement especially important for services where telecommunications belong. However not only membership was important, the subject that gave trouble was in part of international obligations coming from the membership at these organizations. Under the GATS agreement, the Czech Republic had to allow foreign companies to enter its market with certain restrictions under the GATS protocol agreement which prevented collision and agreed on nondiscrimination between foreign and national operators until a specific period of time when the limitations were to be removed.

During the harmonization process, the Czech Republic was obliged in a Europe Agreement by Article 69 to accept the acquis communautaire and article 83 of the agreement which obliges the Czech Republic to endorse EU regulatory methods and those were the first legal obligations regarding the institutional establishment of regulatory bodies. Following were the elements of Open Network Provision (hereinafter: ONP), harmonization, objectivity, transparency, and non-discrimination. The closure of chapter on telecommunications happened in 1999 when The Czech Republic was positively evaluated for its alignment process.

The final policy goal that the Czech Republic had was creation of market economy that promoted principles of competition; this was done once again through privatization and liberalization while the government withdrew from involvement in the provision of goods and services including telecommunications. The result of such withdraws of state resulted in establishment of state independent regulatory agencies. According to Skudder (2003), question like is the wholescale implementation of the EU methodology appropriate for undeveloped scale of market economies and what are the problems to inexperienced economies as Central European economies used to be and economies like Easter European. The technical level of

Czech telecommunication equipment and infrastructure was rather low and therefore requiring heavy investment that could only be provided through privatization and liberalization. The experience of Czech Republic serves still one of the best teaching experiences on development of regulation and what came after the system meltdown shows what state had to do to be able to function under the new structure. Moreover interesting is the way regulation was set up in a natural way while market situation was developing contrary to forced, hybrid regulation set up that happened in Bosnia and Herzegovina.

In an article that explores the consequences of delegation for the regulatory output, Tai (2010) points out how reformation of traditional German postal authority created a division of labor where different employees with different skills needed to rely on other employees specialized roles. Moreover, the example of German postal service shows how increasing functional differentiation contributed to better interaction changing from interest bargaining to arguing in both, legislative and administrative way and consecutively reasons became a key source of influence. According to Thomadakis (2012), the European Union needs to fight against externalities of financial innovations and such approach should come as a need to respond to certain externalities because many jurisdictions have taken institutional initiatives for control of systemic risks posed by the risk taking of financial agents. Moreover according to Xanthaki (2014) who attempts to describe the end results that were made in the regulatory framework of the European Union and its effort to fully facilitate the regulatory quality continues to disappoint due to other political influences which are currently coming from the United Kingdom. The new treaties of European Union did not support the efforts to address regulatory challenges and they still continue to be unaddressed, some suggest the regulatory development pause occurred in Europe in 2003, and after that date, legislative quality is an aim while regulatory quality in its holistic sense continues to be the primary goal. Moreover, according to Xanthaki (2014), the European Union is developing a unique legislative style which combines civil law elements by combining types of law, the EU legal binding form and details of the EU law.

1.4 Examples of OECD members

Organization for Economic Cooperation and Development published a series of studies and analysis regarding the regulatory reforms and regulatory performance measurements. The OECD's long history of dealing with regulation matters most certainly established some principles that are still being followed throughout the world. The ones included in their guideline "Recommendation on Improving the Quality of Government regulation in 1995", suggests the regulatory reform majorly affected the focus on reducing the scale of government during the 90's (OECD, 2005). Furthermore, according to Fink (2014), the OECD and the World Trade Organization are the key influencers in liberalization of telecommunications markets in Southern and East Europe at the moment.

The OECD experts also suggest that single initiative and isolated effort cannot have serious impact if the rest of the system is not taking any action. The major recommendations for improving the regulatory performance include: clearly serving identified policy goals, existence

of empirical and legal basis, production of benefits that justify costs, promoting innovation through market incentives and goal based approaches, clear, simpler and practical for users, being consistent with other regulations and policies and comparable to competition. The situation in Bosnia and Herzegovina suggests there are no clear guidelines for measuring the quality of regulators and that there is no further development of regulatory bodies or any other sort of regulatory or legislative reform. In one of their studies OECD, (2009) describe how Regulatory policy is now acknowledged as a field of its own and how most countries have adopted the regulatory policies and core processes that aim to assess the impact of new regulations, including a consideration of possible alternatives, compliance and enforcement issues.

Table 1. Regulatory costs of OECD members

Regulatory costs and staffing in 2004					
	Total regulatory staff	**Total regulatory cost in million**	**Regulatory cost per staff member $**	**Total regulatory cost per billion dollars of GDP $**	**Regulatory staff per million of population**
Australia	1,900	214	112,669	413,265	95,96
France	916	130	142,149	74,533	15,53
Germany	1,319	109	82,683	45,441	16,09
UK	3,069	497	161,798	276,788	52,02
US	29,924	4,633	154,84	425,827	102,83

Source: Malcolm, K., Tilden, M., Coope, S., & Xie, C. *Assessing the Effectiveness of Enforcement and Regulation*. (2009).

Judging by the experience of OECD countries, one is indisputable, privatization, precisely when it comes to monopolies and public services cannot bear fruit unless the business environment of privatized companies is not regulated appropriately. An independent regulatory body is not an obstacle to their business, and in any case, it should not jeopardize the efficiency and profitability of companies. It simply ensures that they preserved the positive side of the market and they have competitive prices and services for the benefit of society as a whole.

1.5 Development of regulation in the region

The state regulation of the telecommunications market and electronic media in former Yugoslavia, before the emergence of independent regulators was manifested by state control or state monopoly, absence of competition, inability to select services by end users, inability to influence pricing of services from the side that offered those particular services, in fact the establishments offering the services were part of the public sector. The control is in the hands of the state. To emphasize the importance of media regulation, the European Commission in Brussels has made it clear that the standard of an independent regulatory authority is binding to all countries that see themselves as future members of the European Union. Analyses of other similar agencies in Europe point out that the main features of the regulatory authorities (administrative and institutional positioning, organizational structure and status of employees)

directly related to the mission and the responsibility of a given body. However, in all cases, the decision to establish a "third player" in charge of regulating the sector and independent of the executive, but also from market participants, is a common practice in Europe and beyond.

In connection with the typical regulatory functions in the communications sector in countries of former Yugoslavia, establishment of regulatory bodies is the result of the decision to replace the traditional administrative bodies with specialized organizations. The regulators should be by nature the expert bodies, efficient and able to resist pressure from industry and politics. However, analysis shows that these bodies are not met with genuine sympathy of governing structures that are difficult to accept the fact that the electronic media should not be in a function of its spokesmen, and that the state should not hold a monopoly on profitable sector of communications. As noted above, as the regulatory authority was effective in performance of regulatory functions, it must also be independent of political influence and industry. On the other hand, judging from the current situation, the independence of regulatory authorities in the countries of former Yugoslavia is constantly on the exam.

In the study prepared by Penev and Marusic (2011), the subject of analysis was the role of regulatory reform in the countries of Western Balkan. In addition, the concept of regulatory reform was explored in the context of acceleration of integration process to the EU. The authors explore the theories of smart and better regulation, and regulatory impact analysis, while referring to the noticeable works of the OECD on subject of regulatory reform, The analysis clearly shows how Bosnia and Herzegovina on state level had no regulatory reform strategy in 2011, contrary to the entities and all other Western Balkan countries. Moreover, the study clearly implicates how Bosnia and Herzegovina have no regulatory oversight body contrary to the countries from the region. The study is concluded by governance indicators from the World Bank and the dimension of regulatory quality percentile score was significantly lower than from the most countries in the region. The study concludes that regulatory reform is the most important reform in the past decade, especially in the time of economic crisis because it is a useful tool to create stable and secure economic and legal environment. Finally, the study concludes how the regulatory reform should move in the direction of smart regulation.

In his work, Smerdel (2012), presents comparative experiences and problems investigated and discussed in the United States, where IRAs origin. The comparative analysis points to the situation regarding the legislation and the definition of the competence of independent agencies in the Republic of Croatia. Since the jurisdiction of these agencies is of great significance because their governance affects all areas of legal and economic activity. Moreover, in the context of the National Anti-Corruption Program, it is important to pay attention to the experience of other countries in the establishment and operation of these regulatory agencies. In the end, it was impossible to create a constitutional ground because according to the Constitution of the Republic of Croatia there is a separation of powers on legislative judicial and administrative functions. The solution was to adopt the law on agencies containing clear guidelines, control, and protection mechanisms.

An article by Markov (2016) explains current situation with IRAs in Croatia, briefing the concepts of independence, legal status, jurisdiction, financing, post-EU accession perspective, administrative litigation, the Constitution and the rule of law. The article concludes how Croatia currently has 96 regulatory agencies and 128 administrative forms of regulatory bodies in ministries. The Croatian constitution currently doesn't allow such a wide spread of regulation, despite that, the regulatory agencies continue to perform legislative and judicial jurisdictions. Oversight of the rule of law of regulation currently doesn't exist while the only protection is the administrative litigation procedure which takes a long period of time due to the limited number of judges and too many complaints especially when the disputed administrative acts are revoked and returned for re-deciding. In Croatia, a competition for the members of the board of directors, the president – the director of the employees almost doesn't exist. Independent regulators themselves determine the salaries that are multiple times higher than the salaries of the employees in state administration.

An article by Jakovac and Vlahonjic-Lenz (2015) explore the role of energy under the aspect of economic theory and stresses the importance of the independence of qualified employees, administrative know how, interference of state on its independence and independence from the regulated industry. If those elements are missing the regulation will lose its purpose and instead of protecting the customers it will protect the companies that it regulates. Such problem is the result of undeveloped political and economic institutions and such behavior of regulators is present in all transition countries.

The study by Vucković (2015) explores the democratic legitimacy of politically irresponsible administrative bodies in comparative constitutional law. Moreover, the study attempts to determine to what extent formally established political independence guarantees the financial independence. The study concludes how European countries differ significantly in terms of the doctrinal insistence on the political independence of regulatory bodies. Instead of copying American model and redefinition of fundamental constitutional principles, regulators in European countries have integrated into the existing constitutional and administrative systems. German legislator gave precedence to the doctrine of constitutional identity instead of the doctrine of the regulatory state. Moreover, the study concludes that it would be important to adopt the law on agencies in the Republic of Croatia.

Concerning Bosnia and Herzegovina, the Council of the CRA used to persistently and consistently warn that the independence of the agency seriously infringed on two grounds: the Council of Ministers refused to confirm the appointment of the Director General of the Agency, which was unanimously elected by the Council and in accordance with legal procedures, and that the inclusion of the Agency Law on salaries and allowances seriously undermines its financial independence. The issue was announced to the officials in Brussels, by letter the Council of Ministers sent Mrs. Viviane Redding, Commissioner for audio visual policy of the European Commission in Brussels in which the Council clearly warns that jeopardizing the

independence of the Agency may endanger the process of accession of Bosnia and Herzegovina to the EU. Unfortunately, this issue is still unresolved, while determination of the Agency and all its employees to persist in protecting independence is unquestionable.

As a reminder, the CRA started working as a project of the international community in Bosnia and Herzegovina, and in 2003 it was established as an independent state institution, which was also part of the strategy of the international community on the full integration of the Agency into the domestic legal framework. Despite the difficulties in the transformation of the international regulatory bodies in the local government agency, the process is successfully completed. Today, the CRA is considered by wider public to be effective, strong and substantially independent regulatory organization. Communications Law emphasizes the independent status of the Agency: "The Agency is functionally independent institution with legal character under the laws of Bosnia and Herzegovina".

Recent example of neglecting the independence of regulatory institution came from Serbia when the Ministry of Telecommunications and Information Society directly interfered in the jurisdiction of the Republic's Telecommunication Agency regarding the implementation of the liberalization process in the telecommunications sector. The Ministry has issued a decision by which it suspends the law that guaranteed the independence of Regulatory Agency for Electronic Communications and Postal Services, by taking "120 days, starting on 13 June 2008, the execution of the tasks entrusted to the Telecommunication Agency, laid down in Article 9, paragraph first Telecommunications Act, including all the powers of the President and members of the Board of the Republic Telecommunication Agency in the performance of assigned tasks." With this act, the executive authority placed over the legislative branch the subtracting powers that Regulatory Agency for Electronic Communications and Postal Services, as the independent regulatory authority, by the competent law was entrusted by the National Assembly of the Republic of Serbia.

The situation is not much different in Montenegro. Specifically, under the pressures of politics and industry, director of the Agency for Telecommunications and Postal Services of Montenegro became the subject of an investigation for alleged illegal allocation of licenses. The investigation was terminated in February 2008 due to lack of evidence. Further, in February 2008, the Government of Montenegro adopted the draft law on electronic communications, which is a basis for the constituents of the Agency for Electronic Communications and Postal Services, or in its full name the Agency for radio emitting of Montenegro (hereinafter: ARD). This legal solution has aroused many reactions of opposition. The ARD has regretfully noted that the Montenegrin Government did not accept the amendments which, at its request, submitted to the Agency for Broadcasting. It is particularly worrying that such an important law, did not go through the public hearing. This seems to confirm the ARD's Council has the lack of transparency of the entire legislative procedure of the law, which redefines the system of broadcasting in a fundamentally different way, without valid arguments, contrary to the European practice. In Croatia, however, adoption of the amendments to the Law on Electronic

Media in July 2007, which, among other provisions affected the Agency for Electronic Media. One of the amendments stated that at the director of the Agency for Electronic Media will be directly appointed by the government, which is not a European standard.

A World Bank report based on a working paper produced by Kaufmann et al., (2010) shows aggregate indicators for six dimensions of governance, the WGI among which are the government effectiveness and regulatory quality dimension. It is interesting to observe how perception of governance changed over the period of fifteen years, not only for Bosnia and Herzegovina but also for the region. Moreover, data serve as a grading position of development of public sector in terms of government effectiveness, voice and accountability, absence of violence, fight against corruption, regulatory quality, and rule of law. It may be argued how dimensions of governance from "Figure 4" are mutually correlated. Therefore it is evident how insignificant increase in control of corruption over the period of fifteen years did not benefit the government effectiveness and political stability which is always an important question in Bosnia and Herzegovina. Moreover the data government effectiveness and regulatory quality shows a decrease in recent years. When looking at the regulatory quality figure which is much lower than what it was fifteen years ago it is obvious that no improvement happened in this field.

Presented government effectiveness indicators for all regional countries clearly indicate how Bosnia and Herzegovina is having difficulties with effective governance. The OECD countries are conceivably those that set the standards in comparison of the indicators, and their high percentile rankings do not oscillate in last fifteen years and therefore their ranking is in the high 80s and mid-90s for all dimensions of governance. A surprising fact is that a political stability and absence of terrorism and other violence dimension has stayed constant around 74 for the past fifteen years for OECD members despite the global security problems that occurred in the rest of the world.

The World Governance Indicators (hereinafter: WGI) in Figure 4 show the Aggregate Governance indicators. The WGI study is prepared by the World Bank, a project working on measuring six perceived dimensions of governance for over 200 countries and different territories from 1996 onwards. The dimensions under study are: Rule of Law, Control of Corruption, Political Stability/Absence of Violence, Voice and Accountability, Government Effectiveness and Regulatory Quality. The data for WGI is collected through surveys from different public, private, NGO and other experts and then methodology known as "Unobserved Components Model" in which the data are standardized to comparable units, an aggregate indicator of governance is constructed with weighted average of source variables and finally the method constructs the margins of error that contains the unavoidable imprecision in measuring governance. The data shown in the tables 2 and 3 are the same data as for the figure 4 and therefore the method of calculation is the same, only it is presented in the regional perspective and some governance indicators are excluded.

Figure 4. Aggregate Governance Indicators for Bosnia and Herzegovina
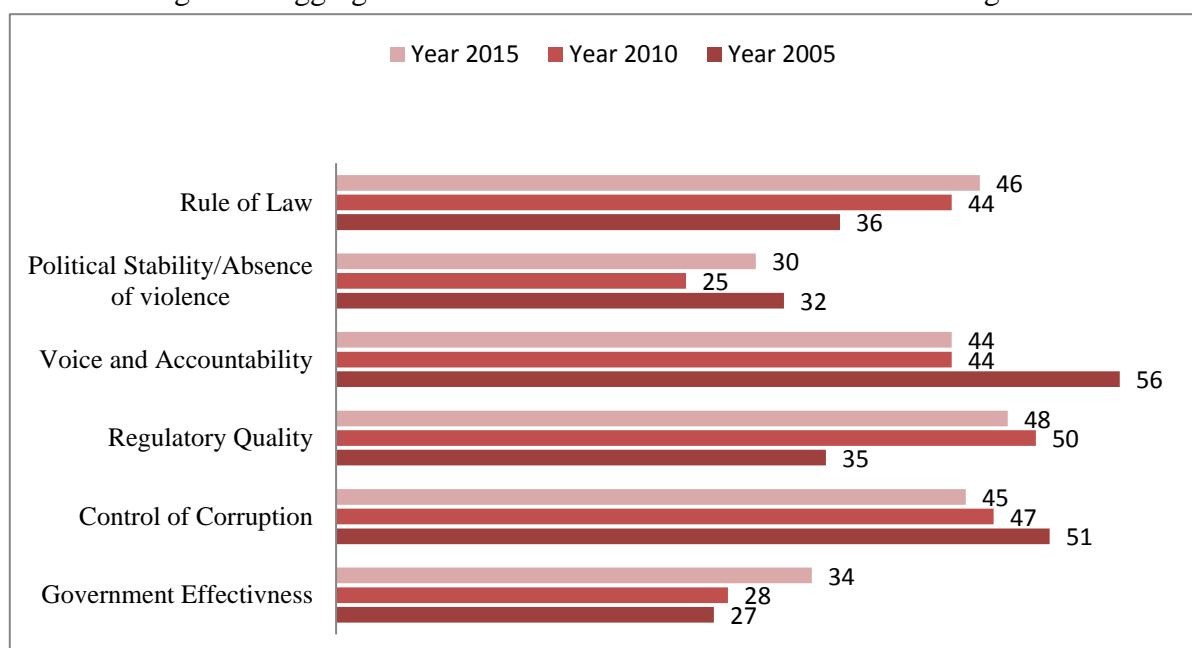
Source: Kaufmann, D., Aart, K., & Mastruzzi, M. *The Worldwide Governance Indicators: Methodology and Analytical Issues. World Bank Policy Research* No. 5430. (2010).

Table 2. WGI– Government Effectiveness

Country	Year	Number of Sources	Governance Score	Percentile Rank	Standard Error
Bosnia and Herzegovina	2005	7	-0,71	26,83	0,19
	2010	8	-0,73	27,75	0,22
	2015	9	-0,54	33,65	0,22
Croatia	2005	8	0,48	68,29	0,18
	2010	9	0,63	70,33	0,21
	2015	10	0,51	71,63	0,20
Macedonia. FYR	2005	7	-0,28	45,85	0,19
	2010	8	-0,09	50,24	0,22
	2015	7	0,13	58,65	0,24
Montenegro	2005	1	0,36	64,39	0,54
	2010	7	0,09	57,89	0,24
	2015	8	0,16	60,1	0,23
Serbia	2005	7	-0,31	44,88	0,18
	2010	9	-0,05	51,67	0,21
	2015	9	0,11	58,17	0,22

Source: Kaufmann, D., Aart, K., & Mastruzzi, M. *The Worldwide Governance Indicators: Methodology and Analytical Issues. World Bank Policy Research* No. 5430. (2010).

The Table 2 shows how government effectiveness index improved in Bosnia and Herzegovina from 2005 to 2015, however, countries from the region received higher scores. Moreover, in

table 3 it is evident that on the index of regulatory quality Bosnia and Herzegovina at first had improvements, then the figures started to diminish from 2010 to 2015. Other countries from the region with an exception of Croatia continued an increasing trend regarding the index of regulatory quality. Although there was a decrease in the regulatory quality index in Croatia from 69.86 to 64.90, the score is still the best in the region.

Table 3. WGI – Regulatory Quality

Country	Year	Number of Sources	Governance Score	Percentile Rank	Standard Error
Albania	2005	9	-0,30	45,59	0,18
	2010	10	0,23	57,42	0,16
	2015	11	0,20	59,13	0,17
Bosnia and Herzegovina	2005	9	-0,49	34,8	0,17
	2010	9	-0,10	49,76	0,17
	2015	11	-0,18	48,08	0,17
Croatia	2005	10	0,49	65,2	0,17
	2010	10	0,56	69,86	0,17
	2015	12	0,36	64,90	0,17
Macedonia. FYR	2005	9	-0,19	48,53	0,17
	2010	9	0,33	60,77	0,17
	2015	9	0,45	66,83	0,18
Montenegro	2005	1	-0,13	50,98	0,45
	2010	8	-0,07	50,72	0,18
	2015	9	0,23	60,1	0,19
Serbia	2005	8	-0,55	29,90	0,17
	2010	10	-0,02	52,63	0,17
	2015	11	0,14	56,73	0,17

Source: Kaufmann, D., Aart, K., & Mastruzzi, M. *The Worldwide Governance Indicators: Methodology and Analytical Issues. World Bank Policy Research* No. 5430. (2010).

Another indicator that needs to be pointed out is political stability element that undeniably is basic necessity in overall prosperity and effective governance of a state, including the fight against corruption. Political stability in Bosnia and Herzegovina is traditionally challenging in the post parliamentary election period with minor instabilities post to local elections and therefore periods of instability continuously happen in two year periods. The most important problem associated with these periods is the vulnerability of state from attacks coming from different lobbyists who often come from foreign companies and even non-governmental foreign agencies and achieve their interests through law proposals and other forms of decision making at different levels in Bosnia and Herzegovina. Unfortunately, cases of independence breach are the common occurrence in countries in transition. The results of political election directly lead to the dismissal of members of the management structures and the managerial staff of the

independent regulatory body. One way to test the independence of the regulatory body is precisely the post-election period in one country. The elections results should not affect the changes in the administrative and management structure of the regulator. However, experiences from the environment are not always in accordance to this. In such situations, directors and other management staff of independent regulators often find themselves the target of newly formed political structures. The primary objective of these shifts is to bring similar political staff in the governing bodies and management structure, rather than on the general progress of society in order to pursue political goals.

1.6 Regulation in Bosnia and Herzegovina

Early in the process of institutional establishment, few regulatory bodies were created on a state level, including: CRA, The Regulatory Agency for Nuclear and Radiation Security, State Regulatory Agency for Electrical Energy (consisting of two entity level agencies) and Agency for Civil Aviation. Part of the old socialist legacy in Bosnia and Herzegovina is still present in the current interventionist business culture in which regulation of the economy is traditionally considered a mean of control. Model of political control of revenue cannot be transferred to a market economy. Attempts to use this model from the old system and transfer it to a market that is in Bosnia and Herzegovina still in its infancy discourages entrepreneurial dynamism, which is necessary to create jobs and improve the living standards of the population. Monopolies that are not properly regulated, or are regulated under the old fashioned model of political control may serve the governing structures as a short term source of income, but in the long run definitely result in consumer dissatisfaction and decreasing revenue suggesting dramatic inefficiency. To create similar starting positions for all market players and stimulating competition, the regulatory authorities shall ensure, among other things, investments in infrastructure and research, and stimulate companies to innovate and to deliver their products to consumers efficiently and cost effectively. According to Scott (2001), development of effective competition should be entrusted to regulators and once competition becomes de facto effective, it should be followed by serious application of competition law.

The purpose of regulatory authorities does not exist only in the fact that they determine the prices to be charged by monopolies. If that was the sum of their tasks, their effect would be insignificant. They are part of a broader economic transformation, which includes the privatization. The regulatory authorities shall ensure that the market economy serves the interests of all citizens. They should not be seen as being in a position of control; they are there to serve the changes. CRA and the Department of Civil Aviation, for example, are an integral and essential part of the transformation of the economy in Bosnia and Herzegovina. Perhaps there was a certain fatigue of the general concept of economic reforms in Bosnia and Herzegovina. It often seems as if the external factors: the European Union, the World Bank, the International Monetary Fund, the Office of High Representative are trying to command the economy. However, it is reasonable to define the requirements of the market economy that had

to be met for integration into the European and world economy, and such conditions should be explained.

In the case of regulatory bodies, it is important that the society understands the benefits coming together with an independence of the regulatory agency. Effective regulatory bodies are not an obstacle but an advantage. They guarantee that the food and drugs are safe; they guarantee that doctors and school and airline pilots have the right qualifications and to respect professional ethics. Regulatory authorities reach out to those parts of the service economy to which the ordinary competition cannot. For example, the regulatory body directs the bus companies to provide services to isolated areas or to continue providing services in the time when there is reduced volume of traffic. Also, in Bosnia and Herzegovina, the CRA has a mandate to close radio and television stations spreading nationalist extremism. EU membership requires fulfillment of certain institutional standards, including effective regulatory institutions. To be entitled into the Stabilization and Association Agreement with the EU, Bosnia and Herzegovina will have to establish effective regulatory regimes. As is the case with all other issues in the European Union guidelines, the point is not the mere fulfillment of the conditions for admission for their own sake; point lies in the implementation of policies that will bring Bosnia and Herzegovina closer to Europe and at the same time be of benefit to its citizens. Governments in many countries around the world not just in the countries in transition in regards to the market economy are faced with the need to invent new approaches. Increasing loans are no longer an acceptable response to excessive debts; the answer is in increasing efficiency. Decision, which to a greater or lesser extent was adopted by all developed countries in the last twenty years, was primarily found in withdrawal of the governing/political party structures directly from the public sector governance, privatization of socially owned enterprises and the creation of regulatory conditions in which businesses can operate more efficiently and profitably than their nationalized predecessors. There is no social benefit component as it was in the nationalized companies, instead, there are regulatory bodies to protect the interest of the society as a whole, the social interest.

1.7 Communications Regulatory Agency in Bosnia and Herzegovina

The state audit office in its yearly report for 2014 points out one major remark regarding the procedure of appointment of the director of the agency, which was the cause for the negative report. According to the report of the SAO, the agency did not adopt the procedures and plans for human resource management, nor the plan for development and education of employees, although that was one of the recommendations according to the report, the CRA is responsible for drafting, implementation and maintenance of internal control which are important for preparation and presentation of annual financial reports. In 2014 the agency is headed by a Director who was out of a mandate from 02.10.2007, until December 2015. The director of the agency managed the agency without a legal mandate. The recommendation of the SAO report for 2014 was: „According to the length of the mandate period of the Director, we suggest the

responsible institutions to speed up the procedure of appointment of the new director taking into consideration that such management of institution may have implications on function and management of the institution". According to the internal organization plan, there are 168 places available to employees, where 118 are fulfilled on 31.12.2014. Planning of staff is done through the yearly budget requirements according to the request of the director of the agency. In 2014 the director of the agency proposed increase of the number of employees to 126 which was accepted. The planned dynamic of employment was never realized due to the lack of internal legislation, mainly internal organization plan. A significant number of employees is still engaged on the account of temporary contract, including the jobs of cleaning and protection of transmitting posts. The temporary contract employment in Bosnia and Herzegovina is widely regarded as not transparent in the procedure of selection of the most successful candidate which further increases the chances for corruptive behavior.

In 2013 CRA adopted its integrity plan approved by the Agency for Prevention of Corruption and coordination of fight against corruption. Furthermore, in 2014, the agency did not adopt the guideline for the management of human resources, although the guideline would represent a foundation for the establishment of a new environment where motivation and reward could take place in order to achieve the goals of the institution. Additionally, the SAO wrote in the report for 2014 how it is difficult not to notice that on some seminars and educational activities are attended by employees whose job description do not match the attended theme or the subject of the seminar attended. Further promotions are done on the proposal of the director and chief of the organizational units according to law. Moreover in 2014 the SAO recommended the agency to: adopt the strategy and other internal legal documents in order to manage human resources more effectively, besides there was another suggestion to create the plan of development and education which would be based on systematic analysis of employees needs for education and development in accordance with the strategic goals of the institution. The budget of the Agency in 2014 was 3.650,169 euro on the account of 126 employees, the Agency's current expenditures were 3,110, 747,52 euro and capital expenditures of 539,421.20 euro. The budget was achieved in 90% which is less than the approved budget. The lower budget execution was primarily achieved as a reason of continuous austerity measures of the agency regarding the office equipment, fuel and contractual obligations, or may implicate bad planning of the budget. The salaries were approximately 2,000,000 euro on 31.12.2014. Additional costs of the employees including transportation, meals, recourse and one time pay when going to the pension were 166,093.15 euro, while costs of official travels were 185, 334 euro and costs of telephone and post services are 54,097 euro. According to the SAO report in 2014, chief of the department for general affairs of the agency used official mobile phone, although according to the internal rules did not have that right. The cost for the use of agencies automobiles was 58,264 euro, while contract payments were 138,750 euro. To the SAO it was suspicious that the right of unlimited cafeteria and other representation services were given to the general director of the agency, costs of representation were 12,817.26 euro in 2014, while the costs of education of employees were 15,458.14 according to the SAO, highlighting the information that participation costs for the seminars are also included in this amount. One

should notice that the costs of representation after deduction of participation costs almost outweigh the costs of education of employees. Total revenue from issued certificates in 2014 was 5,827,136.72 euro, besides those, the CRA received state contribution revenue of 7,503,931 euro and issued of 42,636.77 euro in fines, while the administrative taxes, applications, appeals and solutions amounted 5,510.27 euro.

Table 4. Expenditures of the CRA in 2014.

Description	Approved budget	Balanced budget	Total budget	Achievement of budget	Index 5/4
1.	2.	3.	4.	5.	6.
1. Current expenditures	**6,084,000**	**0**	**6,084,000**	**5,438,967**	**89**
Gross salaries and additions	4,041,000		4,041,000	3,907,641	97
Additional expenses of employees	371,000	-3,000	368,000	324,845	88
Travel costs	399,000		399,000	362,477	91
Telephone and post costs	124,000		124,000	105,803	85
Energy and communication	166,000	-18,000	148,000	92,165	62
Supplies - office and others	90,000		90,000	42,873	48
Fuel and transport of employees	61,000		61,000	34,916	57
Rent of properties and equipment	60,000		60,000	48,275	80
Expenses of current maintenance	299,000		299,000	177,515	59
Expenses of insurance	90,000		90,000	71,088	79
Contract and other special services	383,000	21,000	404,000	271,369	67
2. Capital Expenditures	**1,055,000**	**0**	**1,055,000**	**1,005,657**	**95**
Purchase of land			0		
Purchase of building			0		
Purchase of equipment	1,025,000		1,025,000	996,456	97
Purchase of assets in form of rights	30,000		30,000	9,201	31
Reconstruction and investment ...					
3. Current grants	**0**	**0**	**0**	**0**	
			0		
			0		
4. Multi-year capital investment	**0**	**0**	**0**	**0**	
			0		
5. Donations	**0**	**0**	**0**	**0**	
			0		
Total (1+2+3+4+5)	**7,139,000**	**0**	**7,139,000**	**6,444,624**	**90**

Source: State Audit Office of Bosnia and Hezegovina. (2015) Fi*nancial Audit Report of CRA of Bosnia and Herzegovina for 2014*.

Table 5. Expenditures of the CRA in 2015.

Description	Approved budget	Balanced budget	Total budget	Achievement of budget	Index 5/4
1.	2.	3.	4.	5.	6.
1. Current expenditures	**6,226,000**	**0**	**6,226,000**	**5,160,730**	**83**
Gross salaries and additions	4,102,000		4,102,000	3,793,662	92
Additional expenses of employees	383,000		383,000	325,190	85
Travel costs	435,000		435,000	289,082	66
Telephone and post costs	117,000		117,000	83,183	71
Energy and communication	138,000		138,000	94,605	69

(table continues)

(continued)

Supplies - office and others	9,000		90,000	43,361	48
Fuel and transport of employees	60,000		60,000	33,142	55
Rent of properties and equipment	65,000		65,000	61,365	94
Expenses of current maintenance	350,000		350,000	150,070	43
Expenses of insurance	95,000		95,000	52,155	55
Contract and other special services	391,000		391,000	234,915	60
2. Capital Expenditures	**536,000**	**0**	**536,000**	**1146,61**	**27**
Purchase of land			0		
Purchase of building			0		
Purchase of equipment	486,000		486,000	99,751	21
Purchase of assets in form of rights	50,000		50,000	46,859	94
Reconstruction and investment					
3. Current grants	**0**	**0**	**0**	**0**	
			0		
			0		
4. Multi-year capital investment	**0**	**0**	**0**	**0**	
			0		
5. Donations	**0**	**0**	**0**	**0**	
			0		
Total (1+2+3+4+5)	**6,762,000**	**0**	**6,762,000**	**5,307,340**	**78**

Source: State Audit Office of Bosnia and Herzegovina. (2016), *Financial Audit Report of CRA of Bosnia and Herzegovina for 2015*.

Agency drafted and proposed short term plan for 2015-2017 with the plan of action containing definitive control mechanism for tracking and assessment of implementation of plan that the Council of Ministers adopted on 26.03.2015. The strategic outline that served as a foundation to the strategic plan was the communication law of Bosnia and Herzegovina, the policy of telecommunications together with the policy of broadcasting sector which was adopted by the Council of Ministers of Bosnia and Herzegovina. The last implemented and adopted policy on the sector of communications was during the period of 2008-2012, the gap between 2013 and 2017 still remains to be adopted clearly showing the lack of guidance in the area at the present moment. The last adopted policy document in the area of broadcasting remains to be in 2006.

Report on the activities of CRA was given to the Council of Ministers and it was drafted according to the guidelines of methodology of drafting reports created by Council of Ministers. Agency also created report on its activities which was adopted by the council of Agency in April 2015, provided oversight activities that are completed and the ones not completed provided with follow up information. In 2014, as the most important activities, the agency stated: bringing regulatory measures for operators that have significant market power, analysis of relevant markets of telecommunications in Bosnia and Herzegovina according to the EU model, implementation of interconnection regimes on fixed and mobile telecommunications

markets, establishment of temporary regime of general authorization. The Council of Ministers did not adopt the telecommunications strategy for the period 2013-2017, although that was one of the requirements due to transition from analog to digital broadcasting that should have taken place. The World Conference of Radio Communications took place at the end of 2015 and there were no outcomes related to that.

Appointment of Bosnia and Herzegovina's general director of CRA was a long procedure taking almost nine years and during this period CRA changed few temporary directors who stayed at the agency for short periods. The mechanism of electing the general director of the agency is delivered within the communications law which stated that the most successful candidate for the position should be recommended by the board of the Agency after the open competition for candidates is complete. The candidate should further be approved by the council of Ministers of Bosnia and Herzegovina. Given that the members of the House of Representatives of Bosnia and Herzegovina choose the members of the agency's board in the Parliament. In the case of the Agency's board, the will of ordinary people going to the election may be influencing the choice of members of the Agency's board through their representatives in the Parliament. However the Council of Ministers in non-elective body, it is rather political representation of the current parliamentary majority and therefore under the influence of political centers, or in this case the ruling majority.

Recent example portrays the presence of such difficulty when Council of Ministers appointed its own short-term director which was one of the candidates at the open competition which was later not approved by the agency's board. In the aftermath of the appointment procedure one member of the board was to decide if a candidate with background of political activism as a major of municipality would be recommended as the most successful candidate. In the end this candidate became the director of the agency as the Council of Ministers approves his appointment. In Bosnia and Herzegovina, practice shows the appointment of key officials of the agency is always influenced by political centers of power, independence is only on the paper.

The lack of management left an indelible hole in the planning process, development of regulation, adoption of new practices, introduction of new technologies, and it was all paid by citizens of Bosnia and Herzegovina. The cost of such neglect was not only perceived through public interest but also with real monetary value as the prices of telecommunications were significantly higher than in the region. Moreover, the mobile operators did not include the value added tax value in the bills of their services which created a false value and the roaming costs were significantly high. The new director was appointed in April 2016 and by this time in May 2016 the new measures started taking place, the prices of telecommunications and roaming were lowered and the value added tax was shown in the pricing.

This example shows how important is to have management at the regulatory institutions and how citizens may have everyday benefits from such measures. The problem that remains is associated with the opportunity costs of not having the management of the agency related to monetary value, public interest, EU alignment and further implementation of new technologies that we know boost the global economy. With the new management, the CRA has potential to

finally start working in the full capacity and create friendlier environment for citizens of Bosnia and Herzegovina and its businesses through better regulation which should result in better socio economic outlook.

2. RESEARCH METHODOLOGY

2.1 Participants of the investigation

The investigation was focused primarily on the management of CRA of Bosnia and Herzegovina. The questions of the interview were sent to the director of the CRA, which appointed Mrs. Stojanka Bosnjak, chief of the Interconnection Sector at the CRA who has work experience at the CRA longer than ten years and long life experience in the communications sector to represent the management of the CRA. Choice of such participant by the management was welcoming for this purpose particularly because Mrs. Bosnjak is aware of how the CRA operates, from technical sense to legal and strategic. Moreover, Mrs. Bosnjak was employed at the CRA almost since its establishment. The subject of this thesis is the CRA of Bosnia and Herzegovina and therefore the management of the CRA is the only party credible to provide relevant answers. Moreover, only the management of the CRA can answer certain specific questions that are under the jurisdiction of the CRA and in that sense only the management can identify the problems under the responsibility of the Council of Ministers that creates certain impediments to the CRA.

2.2 Design of the determinants of effectiveness

The study by Radaelli and Fritsch (2012) provides a complex spectrum of different elements starting from the basic agency level inputs like Staff, Budget and Training, over the process indicators like Forward planning, Regulatory impact assessment, Comprehensiveness of the IRA system, IRA guidelines, qualitative assessments of the quality of IRA and Compound IRA quality indicators. In the end, the study assesses intermediate and final outcome indicators in details. Inapplicability of this method is mostly perceived in difficulty to obtain specific data which are not always produced even by all OECD countries.

Another study by Tomic, Taseva, Popovic, Jovancic and Vojinovic (2015) published by Belgrade Institute for Public Policy, titled "Agency Transparency and Accountability: Comparative analysis of five regulated sectors in Serbia and Macedonia", concentrates on the regulatory systems transparency and accountability, while establishing the elements of transparency and further testing them through theoretical assessment and hypothesis evaluation. The study contributes to better understanding of regulation in transition countries, legal heritage, and regulation culture, and besides the methodological approach of the study is highly applicable. However the topic of study is not focused on measuring the effectiveness of regulator, nor the elements of effectiveness, the study prescribes the elements of transparency and accountability.

Finally, the study prepared by International Atomic Energy Agency (1999), titled "Assessment of regulatory effectiveness" shows the most appropriate approach to assess the effectiveness of the regulatory agency. This is achieved by establishing of precise elements of effectiveness. The applicability of elements of effectiveness is primarily going to be discussed with the Communications Agency management because few elements have to be modified due to the difference of work nature between the International Atomic Agency of United Nations (specific field work, inspections, and so on) and CRA of Bosnia and Herzegovina. After all the elements of effectiveness are approved and agreed upon the structured interview with the management is going to take place.

Major elements that constitute the effective regulatory body according to the International Atomic Energy Agency (1999) and that is going to be used in case of CRA can be divided into two groups:'

1) Elements provided by the government determine: if the adequate legal basis is provided by legislative bodies, mission provided is clear, understandable and delivered in practice, if there is institutional independence from industries which it regulates, level of independence from government, funding of the regulatory agency to carry out necessary work, research and development and fair representing of the Agency at the international level.

2) Elements provided by the agency represent specificities of functioning within the organization, including: statements on regulatory strategies, licensing and transparent price setting, assessment (periodic review) and enforcement, documenting of processes, level of flexibility to prioritize, frequency of new regulatory requirements, period of delay between the identification and regulation, regulatory standards, regulatory guides and internal guidance, competency, number and experience of staff, ratio of staff leaving the organization to overall cadre level, internal quality assurance, effective internal management, capability to fund and manage research and any work carried out by others, international contacts and exchange of practice and information, willingness to learn and improve, acceptance of auditor reports, communication with civil sector and other stakeholders, planned work completed within the budget and on schedule, use of office management and human resources, service standards and monitoring, human resource development and training, systems for operational experience and feedback.

The data were collected in an interview with the management of the CRA of Bosnia and Herzegovina. The interview is structured in a manner that follows the elements of effectiveness mentioned above, the presence of positive and negative practices, embeddedness of certain practices in an organization and level of achievement concluded with possibilities to improve the current condition. In addition, a significant part of primary data was collected through official state audit reports and budget.

2.3 Elements of effectiveness

Major elements that constitute the effective regulatory body according to the International Atomic Energy Agency (1999) can be divided into two groups:

1) Elements provided by Council of Ministers

An adequate legal basis exists for the regulatory body and the processes which it regulates.

–   Legal responsibilities of the regulator are clearly stated.

–   The mission of the regulatory body is clear and is delivered in practice.

–   The regulatory body is institutionally independent of the industries which it regulates.

–   Sufficient funding is ensured to enable the regulatory body to carry out necessary work and provide funding for research and any expertise it does not have within its organization and to enable the regulatory body to deliver its mission.

–   Fair representing of the Agency on an international level (According to the Law of Communications, the Council of ministers decides which party will represent Bosnia and Herzegovina on international forums in the area of communications).

2) Elements provided by the agency itself

The regulatory body targets important subjects, enforces significant matters and not trivia, provides consistent decisions in similar circumstances and is accessible and transparent to the public.

–   The statements on regulatory strategies are issued on a regular basis. The statements are clear to both the staff working at the regulatory organization and industry, the subject of regulation.

–   The roles and responsibilities of all organization members are clear, the organizational chart shows who is responsible for price setting, enforcement, licensing, periodic reviews and so on.

–   The work within the regulatory body is well planned and ranked. Flexibility to shift to another greater priority is always present if the situation requires.

–   Too frequent regulatory requirements suggest there is a lack of planning of how regulation would develop by the regulatory body.

–   There must be very minimal delay between the identification of a bad practice and introduction of legislative regulatory measure.

–   The staff employed at the regulatory agency must clearly understand the internal documents of the CRA. Moreover, such documents must be timely reviewed, amended and expanded as the situation requires. The examples include the Law of communications, standards of regulation, internal agency guides, policies and others.

- Regulatory agency consults other interested parties on a regular basis and shows good communication with the public even before regulatory standards, policies and guides are adopted.

- Staff in adequate number, equipped with an appropriate set of knowledge, continuously gaining experience, including the ability to perform an independent assessment.

- The ratio of the number of staff leaving the regulatory body for each year is low when matched with the whole number of employees.

- Internal quality development exists with the regulatory agency.

- The strategies and policies are followed and enforced due to the existence of effective internal management.

- There is a possibility to hire a third party in order to manage and carry any work which is not in the domain of the regulatory body itself.

- There is a well-developed international network and cooperation with other regulatory agencies in order to develop regulatory standards and introduction of successful foreign regulatory practices.

- The regulatory body constantly seeks to improve its performance by accepting the auditor reports and opinions from third parties like the industries regulated, general public or the civil sector.

- The planned work is accomplished on time and within the budget while sudden situations where regulatory decisions must be taken quickly are addressed.

- The regulatory body continuously improves its transparency by informing and consulting regulated organizations about its work, principally for elements such as the timeliness, quality and consistency of regulatory decisions.

- Efficient management of the office space, human resources, document control, service standards development, finance monitoring and human resource planning and development exist within the regulatory body.

- The regulatory body must have developed and an effective system of operational experience and feedback whose results or implications are considered seriously after which the actions are taken.

- The reaction time of the regulatory body is short between its discovery of practice that is not according the law and the taking of regulatory or enforcement action.

- Neither the Council of Ministers nor the Ministers nor any other person are not in any way interfering in the decision-making of the CRA in individual cases. "

- One way to test the independence of the regulatory body is precisely the post-election period in one country. The elections, and/or the results thereof, should not affect the changes in the administrative and management structure of the regulator.

2.4 Research methodology

Information will be collected in an interview with the management of the CRA of Bosnia and Herzegovina. The interview is structured in a way that follows the elements of effectiveness, the presence of practice and options to improve the current condition. The conclusions that will, in the end, provide general information will be further investigated. Certain elements of effectiveness can only be looked for in the area of CRAs operations and nowhere else because the end users of CRAs services are not familiar with current state and processes going on in the organization. The methodology of International Atomic Energy Agency of United Nations was only used as a principle providing the example how effectiveness can be observed and current situation at the agency established. The elements of effectiveness were appropriated for the CRA of Bosnia and Herzegovina. For further implementation of recommendations it would be necessary to include other parties into the research as the SAO, public broadcasters, telecommunication companies and The Court of Bosnia and Herzegovina. The elements of effectiveness were appropriated for the CRA of Bosnia and Herzegovina.

2.5 Method of analysis

The primary method of data collection was done through tape recording and note taking, because it is crucially important how the interviewer is to document the contents of the interaction with the respondent. There are several methods to achieve good results in collecting qualitative data, each with advantages and disadvantages. However, for the purpose of this thesis and the method chosen is the one with tape records, interview and taking extensive notes at the same time. Later reviewing the tape, notes and occasionally writing down direct quotes that are believed especially relevant. The tape is kept as a record, together with other notes. Later, the information was analyzed for every element of effectiveness as being part of the "description" of the analysis, while "conceptualization" segment of analysis was associated with the process of looking for the relationship with data and establishing categories that help to explain the phenomenon under study.

3 RESEARCH FINDINGS

3.1 Interview details

The interview is structured in order to question the elements under the direct influence of CRA.

Does the Agency follow certain strategies, if so, would you please name the major ones?

Agency performs its work mostly following the law of communications in Bosnia and Herzegovina, sectoral Policy of communications and the policy of emitting. Therefore the CRA is convergent by means of its jurisdiction because it has both electronic communications and emitting. In case of CRA of Bosnia and Herzegovina the Council of Ministers is the legislator.

The huge problem lies in the fact that the strategies are not entirely clear and there are no action plans, but only long term policies of Council of Ministers.

Are those strategies clear to the Agencies employees and the other stakeholders? Are there any problems and misunderstandings from any of the sides? In Which Cases?

The question that stipulates itself, in this case, is, are those policies relevant in the current time? The policies were made for the period of five years because the operators mostly follow such planning periods. We often have question like are those policies obsolete in the real time, because not only there is significant technological advantage in the period of ten or twelve years but also because the legislation changes over time and in this sense what might appropriate today may not be of any value tomorrow. Because of this current communications policies cannot be harmonized with the EU legislation.

The Law of Communications of Bosnia and Herzegovina states that Council of Ministers brings the policies, therefore the current law should be harmonized with the EU. Currently, the law of communications is directing the Council of Ministers to make the policy of communications, which doesn't make any sense. According to the Law of communication CRA of Bosnia and Herzegovina is not in such depraved position independence wise.

Is there clear differentiation of responsibility inside the organization, especially when issuing licenses? Are those responsibilities fully respected?

Yes absolutely, licenses are issued according to the law, on a fully transparent level. However generally licenses are regarded as an entry barrier to the market and currently they are stumbling block when harmonization of practice with the EU comes to place, especially when you take into account that countries from the region expelled practice of licensing and adopted the "general authorization" which literally means that company should only register for such practice and after that it has responsibilities to submit the information to the agency, while licensing only makes it more difficult to enter the market.

How high is the level of transparency in price setting of services of CRA? How transparent is the pricing procedure?

Very transparent, according to law of communications for operators. Secondary legislation, therefore the rules of agencies that regulate this area.

How often do you perform assessment (including periodic audits, internal audit), at which level the implementation of the conclusions and whether all the processes are adequately documented? Is there any interference in this regard?

No answer

Is flexibility present in relation to the plans and priorities of the Agency when the situation requires? In what cases?

Of course, it is, if there is a misunderstanding between the operators, for example, we have to act instantly. We have a monthly plan, if something happens and that requires action the Agency is ready to respond, so there is always willing to solve the critical problem.

How often new regulatory requirements and needs occur? Does too much change in this sense indicate a lack of vision for the development of the situation by the regulatory body?

Not so often, all processes take place in a customary manner, however, the adoption of the new policy would certainly change the situation for the better.

What is the period of time between the identification of the need for new regulatory practices and introduction of such practice?

It is difficult to answer, but we should take into account that the CRA operates on the basis of policy, therefore in the first case, the regulator can only rework the existing practice on the basis of existing policies, rules, guidelines and the Law on Communications.

Regulatory standards, regulatory rules and internal regulations used by the regulatory agency and its employees are clear, complete, tested and on time harmonized with the new needs?

There are general laws, regulations, regulatory rules and other general acts of the work that is coordinated with other decisions of the Council of Ministers and other acts.

Are the operators in the regulatory jurisdiction of the CRA consulted before amendments of standards and regulations?

Yes, there are public consultations before the adoption of the rules, the CRA gives these rules on consultation which last a minimum of 15 days, but usually, it is longer, analyze the comments and suggestions of operators.

Is the staff of CRA appropriately trained, with appropriate knowledge, experience, and in sufficient numbers to smooth unfolding processes within regulatory agencies including the provision of independent evaluation?

Of course, the staff has the appropriate knowledge and experience but it is not easy to say whether this is sufficient or not. It is difficult to say whether there are or there is no appropriate experience if all resources are properly allocated and so on. Since this is an interdisciplinary field, the development of regulation and technology development, and therefore there is a constant need for training of personnel, but also need the vision and policies where they should be.

It is not clear whether Bosnia and Herzegovina will achieve a regulatory level of the EU, there is a policy that will lead to. One of the principles of the EU legislation is regulatory certainty. In case of Bosnia and Herzegovina market analyses are performed every three years and this is the period that should be predictable. Like the EU agenda, and strategies 2020 Bosnia and Herzegovina has no such policies and strategies that would ensure certainty in the regulatory field. We are currently working exclusively on adapting the policy on communications and law on communications; first of all, there are no goals and strategies. There's no broadband strategy to create a strategy of regulation. How to make the regulation strategy if we do not have the overall strategy?

What is the number of employees who leave the regulatory authority each year in relation to the total Staffing levels?

None of the employees have left the regulatory agency in the past 3 years. This figure corresponds to the current situation in Bosnia and Herzegovina, to which someone is not leaving the organization does not mean he is satisfied, it usually means there is no possibility to find another, better workplace.

How to perform internal quality assurance? Is it adequate?

It is difficult to answer, what quality assurance, in this case, is if one takes into consideration the entire current legislation in Bosnia and Herzegovina. Does that mean that hierarchically license or document has to pass the examinations and approval and so on.

There were no such projects lately, project alignment with International Organization for Standardization (hereinafter: ISO), former director of the CRA annulled such efforts for the means of savings, although with the former system of work that ISO could never be enforced, we will see in the future if the new management will be able to set up such system.

Is there an efficient internal management to ensure that policies, strategies, and practices observed in a consistent manner?

Yes in any case, there is organizational chart and systematization; there is no other system of organization in addition to current hierarchical setup.

Are there sufficient means for financing and management of research or any other work performed by a third party in the event when regulatory body does not have the professional capacity in certain these areas within the organization (if there are some examples)?

Outsourcing, here's just the CRA had a project where there is a public tender to take a third party to perform activities that are not in the capacity of the agency. The Council of Ministers must give permission for such third party engagement. Regulatory agencies in the region quite often have such requirements, for example, the CRA will in near future impose an obligation to operators to separate accounting and cost models, and we will take outsourcing for cost model.

Are there international contacts to build standards, "benchmarking" national practices and international exchanges of information and people in terms of training?

CRA of Bosnia and Herzegovina has cooperation with several agencies, signed mutual protocols with the Agency of Montenegro and more recently with the agency from Serbia. Earlier there was a project of the European Commission, Monitoring Southeast Europe (hereinafter: SEE) which was related to monitoring in telecommunications for countries from SEE, which lasted for nine or ten years called "CALEM" for countries of Southeast Europe (SEE report), three or four times a year, meetings were held with representatives of the countries of South Eastern Europe. .

In what way the regulator shows desire for the construction and promotion? Do you accept the audit reports, as well as other aspects that come from civil society?

There are contacts, especially in the broadcasting sector, with the protection on the Internet, contacts with representatives of consumers, representatives of the blind and visually impaired, etc. The broadcasting sector has even organized some seminars.

Yes, as far as office space, as far as human resource the agency should expand capacity but that's all again linked to the policies and strategies and an unpredictable environment in Bosnia and Herzegovina. Archiving office operations, all there is adopted as elsewhere in accordance with the guidelines of the Council of Ministers. First, standardization and then internal audit, etc. Maybe there will be improvements in the field of ISO standardization with the arrival of the new management.

Is there an existing system of operational experience and the reviews (stakeholder's feedback) within the regulatory body?

There are complaints from end users and then the Agency puts obligations on operators, and also at promoting competition where there is always someone who complains, there is also the cooperation with non-governmental organizations. Broadcasting sector regulating content but cannot prohibit the broadcasting of a particular program content such as "reality", there was a certain time ban on broadcasting.

Are regulatory decisions made quickly in cases where there is an increased risk (Is there any example of the past?).

No answer

Are the planned activities carried out on time and in line with the budget?

Yes indeed.

Do you consult other stakeholders on their work, especially when it comes to deadlines, quality and consistency of related activities including regulatory action?

Yes, as far as office space, as far as human resource the agency should expand capacity but that's all again linked to the policies and strategies and an unpredictable environment in Bosnia and Herzegovina. Archiving, office operations, and other office practices are adopted as elsewhere in accordance with the internal guidelines of the Council of Ministers. First, standardization and then internal audit, etc. Maybe there will be improvements in the field of ISO standardization with the arrival of the new management.

What is the Most common time limit for response within the regulatory authority from the moment of identification of practice which is not in accordance with the law and taking regulatory measures to combat this practice (if there are specific examples)?

There are legal limitations to two months to respond, there is also an administrative procedure that has its limits.

After answering all the questions about the elements that are under responsibility of CRA, the interview proceeded to question the elements under the responsibility of other levels of government.

How other levels of government can improve effectiveness of the CRA of Bosnia and Herzegovina (amendment of applicable law, or otherwise)?

By amending the existing laws, the adoption of policies, action plans, etc.

How much additional jurisdiction needs to be given to the CRA?

If the Council of Ministers adopts the new policy we will likewise adopt the new strategy and according to the action plan. The Council of Ministers shall according to current law adopt a policy and the CRA shall regulate. The limitation here is that the Council of Ministers does not update its policies and laws, and time is running, needs are changing, technologies are developing while the society is changing. Here, the Agreement on Stabilization and Association entered into force recently and it means that regulations will be harmonized with the EU in the coming years while regulations in Bosnia and Herzegovina is still in line with the regulatory framework from 1998 and nothing new has happened in this area. The last regulatory framework is from 2003, the next will be in 2016, countries from the region, Kosovo, Albania, Serbia, Montenegro, Croatia and Macedonia all have actualized the regulatory framework in 2009. As technology advances the progresses of regulation development is evident together with market development. What should be regulated and what deregulated. What is our goal? The European Union brings a new regulatory framework in 2016, and Bosnia and Herzegovina is in line with the framework established in 1998.

3.2 Assessment of effectiveness of CRA of Bosnia and Herzegovina

The statements of regulatory strategies would clearly be important to the employees of CRA, it would clearly provide a guideline of where the organization is directed, how it is developing, how the change of work and needs for human developing would affect the organization and its stakeholders. Moreover, in the case of urgent needs to maintain or fix the issues suggested by the state audit office CRA needs to have the capacity to answer such practices through action plans. It is absolutely unacceptable that such bodies as the CRA to not have legal capacity to develop strategies and action plans. In addition to that, operating without such plans to some extent excludes the interest of public in what is happening at the regulator and at the same time brings endless possibilities for operators and broadcasting companies to misuse public space through developing technologies in legal manner, only because there are no updated strategies and planning at the level of regulator.

The roles and responsibilities exist within the regulatory body for licensing, because the process of license issuing and price setting is precisely defined by communications law. However the practice of license issuing is becoming obsolete, for example, countries from the SEE region have excluded the practice of license issuing, instead they adopted "general authorization", practice harmonized with the EU law and extensively used throughout the world. Under the general authorization principle, the operators are obliged to register for the operating activity and later on monthly basis submit the information to the regulator. Contrary to that is the current

outdated license type authorization used by CRA which is widely regarded as a barrier to enter the market. The assessment of current situation regarding the licensing with periodic reviews is not done in the CRA; instead, there is an annual report that covers all aspects of activities at the agency.

Flexibility for urgent action is always present in case of CRA; as such situation might arise from operators conflicts and complaints about broadcasting that need to be addressed immediately. Prioritization of work and flexibility exist in an organization to some extent since there are very few new regulatory requirements in order to compare them to the actual thinking where too many changes indicate a lack of forethought by the regulatory body. The period of delay is defined by law of communication. There was never a case that exceeded the period given by law which is two months long in 2016.

Regarding the regulatory guides, most of them are coming from the communications law, the other bylaw acts were taken from the Council of Ministers, reworked and implemented. However, communications law and other legal documents including by-law and internal guidelines are outdated, some of them as long as the year 1999, the guides and internal guidance documents are only reworked and very few times amended, so in regards to this segment, the CRA is becoming obsolete in its legal capacity. In case of CRA of Bosnia and Herzegovina operating organizations are always consulted before there are any changes to regulatory standards. The public consultations are with the time limit of fifteen days. Unfortunately, there are no other consultations with stakeholders in regards to change of legal procedure if any such situation occurs in the near future. The consultation period of fifteen days is fair and adequate.

Staff development has been one of the stumbling stones in regards to the state audit office for years. Employees are paid extensive amounts of money every year in order to attend the meetings that are supposed to be in the function of development of functional skills necessary for the organization. However these meetings are most frequently attended by employees that do not have any professional links to the topic, but rather as a way of reward. Current socio economic situation in Bosnia and Herzegovina significantly influences data on staff leaving the organization because staff would not leave even if they are not satisfied with the work at the agency because they would not be able to find a better workplace elsewhere. Therefore workers in Bosnia and Herzegovina are more likely to bear lower work satisfaction for a longer time instead of resigning due to poor job satisfaction.

Internal quality assurance should be achieved through standardization of operations, which again should be directly linked to the internationally accepted standards like ISO 9001. However, previous management didn't like the idea of standards introduction as it was argued that standards would substantially increase the operational expenses and cause significant time delays. Moreover, it was believed that such approach would never work for an organization like CRA. Others may understand the reluctance towards standardization as a way to continue

certain behavior which was seen in the previous years, especially when the agency run without the director.

The regulator periodically uses the possibility to manage and fund a research work by other agencies and third parties for topics where there is no specialization inside the organization. However, the agency has to pass the formal bid to the council of ministers and then wait for the council of ministers to decide. In regional regulatory agencies, such procedure is used more frequently, and it takes much less time. Internal management of the CRA was the dominant issue for almost a decade, the previous director ran out of mandate in 2006 and since that his technical mandate was only prolonged. This part additionally suggests the state did not have any clear vision of the communications sector or perhaps the relevant political establishment at the time did not need development in the communications sector. Policies, strategies and practices at the time were followed in a consistent manner; however, those regulatory frameworks together with the communications law and strategy on communications were outdated, far behind the current needs, legislation and technology present. Such relationship still keeps going, as this thesis was prepared over the extended period of time the author was able to incorporate different developments in few years.

The contacts with the regional agencies exist and were substantially fortified through the projects of European Union in the past decade. However, the CRA was forced to obey the current legal framework and law of communications. Benchmarking would be possible if the domestic legislation was welcoming such practice. To summarize, good international contact exists for standard making, however, benchmarking of national practices and international exchange of information and people is still stagnant.

Regulatory agency displays such willingness to learn and improve, however the current law limits the competence of the agency. The CRA has regular meetings with the civil society, especially if there is a sensitive case that needs to be regulated. Regarding the SAO there is a good communication, however, there are always recommendations that are not fulfilled during the year and are passed onto the following one.

The budget of the agency seems to be constantly around the same level, the accomplishment of the budget is sometimes less than 100% due to austerity measures, and the work is done within the budget and on schedule. Perhaps lower discharge of budget may indicate bad planning because in the beginning of the budgeting process the CRA could have sent the lower budget request and this difference would be allocated to a better cause. One of the stronger elements of effectiveness seems to be the readiness to act quickly when the high risk exists and it is out of expectations. However, the fact that there are no considerable fluctuations on the budget from year to year suggest and in fact proves through the evidence on current expenses how there are no important projects or the third party contracts that channel the substantial amount of money over a long period of time. Additionally, this fact implicates how nothing important is currently happening, or changing in communications regulatory field of Bosnia and Herzegovina.

Another strongly present element of effectiveness is the readiness of regulator to take opinions from other stakeholders, operating organizations and civil society about various matters and even regulatory decisions. When there are regulatory decisions that would intensely affect the operators or prices for the end customer's consultations are held and in most cases, they last up to two months. At this moment is questionable who and if anybody monitors the quality and consistency of actions of CRA.

The office space seems to be well organized; there is enough space per employee, far more than the SAO found optimal in one of their studies. Human resources are well placed to different sectors dealing with different matters. Basic organizational units of the CRA are the cabinet of general director, sectors and departments. The sectors are divided into the area of telecommunications, namely division of licensing in telecommunications and sector for interconnection and market regulation in telecommunications. The area of broadcasting is run by three organizational units: division of licenses, digitalization and coordination in broadcasting, sector for programming, complaints and legal regulations in broadcasting and sector for audiovisual services and international cooperation in broadcasting. The third sector in the area is related to legal, financial and general affairs and organized in a way that there is a legal and financial accounting department. The sector of radio spectrum management is established from department of broadcasting, department for fixed and mobile service and department of international coordination and regulation. Final sector manages the radio monitoring, information, technical support and control compliance with license terms and conditions; therefore there is a department of radio-monitoring, department of information and technical support and department for control of compliance with license terms and conditions. Besides the organization located at the headquarters, there are other two departmental offices, one department of public relations and the other regional sector located in Banja Luka. Document control and control of records are at the desirable level together with financial monitoring and this seems to be one of the strong elements of effectiveness at the CRA that is already present.

The effective system for operational experience and feedback does not exist at the moment within the agency, operators, civil society and citizens are unable to suggest better behavior and affect the change of an organization from the outside. From all this, we can assume this is one of the weakest elements at the CRA. The reaction time between the discovery of practice that needs to be regulated and the action taken was generally appropriate; there are no known examples that would prove otherwise. Understanding low development of regulation in Bosnia and Herzegovina could explain how such serious situations did not develop. it doesn't mean there was an effective mechanism that prevented it.

3.3 The elements of effectiveness

It is recommended that the Agency in accordance with the applicable legislative framework continues activities in relation to the establishment and development of financial management and control, and in order to improve the existing system and the establishment of a

comprehensive and efficient internal financial control. The CRA needs to speed up the procedure of harmonizing the existing ordinance on the internal organization of the decision on principles for establishing internal organization of administrative bodies of Bosnia and Herzegovina and the decision on the classification of jobs and criteria for the description of jobs in institutions of Bosnia and Herzegovina. Applicable regulations on internal organization, the basic text, was adopted in 2008, and after that, they made a number of amendments especially bearing in mind the deadlines specified by decisions of the Council of Ministers.

Despite the fact that compared to the previous year in nominal terms there is a decrease in expenditure on travel expenses, the Agency should review the possibility of further streamlining of these costs, especially considering the number of people who are sent on business trips and the occasion of a business trip. The emphasis that the statutory deadline expired for harmonization of bylaws drew attention to the obligation to comply with the regulations. The Agency should analyze the real need for professional development of its staff, with an emphasis on courses that will really contribute to increasing knowledge in the domain of the Agency. Training used exclusively to improve the efficiency and expertise of the staff, and not as a kind of reward to employees. A clear sense of the mission of the regulatory authority is important in motivating CRA staff to pursue regulatory processes in order enhance effectiveness of regulation. Council of Ministers should state clearly the policy, update it with current or upcoming regulatory framework, mission and objectives of communications and broadcasting regulation so that the attainment of the intended objectives can be easily assessed and moreover so that urgent situations can be promptly addressed.

Communication law should be sufficiently comprehensive, covering all activities involving regulation, harmonized with the EU legislation and upcoming regulatory framework. New communication law should provide the agency with more independence when creating strategies, controlling the results and up to a reasonable amount funding the third party projects. Moreover, through the legal changes, the agency needs to develop a level of certainty, without the certainty of three to five years there would be no vision and planning. In addition, appropriate standards and guidelines should be developed and updated and not only reworked, but rather used as tools for application at all regulatory processes. Those guidelines should not be taken directly from the Council of Ministers and thought to be the best because what might function for one institution may not be applicable to the other one the CRA is an entirely different from any other institution Bosnia and Herzegovina has. The CRA should work on their own internal documents and may benchmark the practice from the region, European Union and some OECD member countries.

Personnel engaged in regulatory processes at the CRA staff level should be imposed to individuals of integrity that are appropriately trained and qualified for the work that the agency needs. Current personnel education and training based on attitude towards certain employees need to be stopped, since financial resources are already scarce and dependent on the Council of Ministers that doesn't provide enough support for the agency; and those means should be strategically put on the real needs for sets of knowledge the agency needs in future development.

Human resources development should be prioritized and made available to help staff to improve their knowledge and skills and to enable them to cope with developments in regulation, legal fluctuations and technology because CRA requires multidisciplinary skills. The employees should also have the access to the latest scientific and technological information in order to facilitate their work so the agency could develop from inside.

Despite the answer that planned activities are carried out completely, it seems that due to a certain level of hesitation coming from the Council of Ministers, the CRA is shortsighted in terms of future planning and development and therefore it can strongly be argued that not providing the agency with such set of legal tools would affect the overall effectiveness of the CRA. Once the agency has clear road map and a set of goals where it wants to be in future it can be directed to achieving that goal. Otherwise like the current situation, the CRA will continue to exist on a day to day basis without any significant results.

Sustainable financing is essential to promote effective regulation in communications and broadcasting. Regulatory authority financing should balance between fees covering the full cost of services and government support. Every regulatory function of the CRA should be put into ensuring the creation of better business and social environment. An example where financing element was jeopardized happened during 2015 when Parliamentary Assembly adopted the new Law on salaries and allowances which prescribed procedure of allowances for the ad hoc and other working bodies including the CRA advisory board whose members were hesitating to participate at meeting and come from distant places because they were not paid for their work. A year later the law has changed only in part to avoid the problems that CRA had. Regarding the current theme of legislators and Council of Ministers, CRA may expect future laws aimed at lowering salaries, allowances and overall budget.

The regulatory process should be systematically oversight in order to identify difficulties and determine if taken activities match intended regulatory activities. Moreover, the CRA should become learning and developing organization which periodically does self-appraisal and in that way strive for a continuous improvement in its operations. Oversight function over CRA should be entrusted to one of the institutions in order to guarantee accountability of regulator. Another method to facilitate self-learning process should be by subjecting the CRA to peer reviewing which is widely considered as a method of external auditing where one agency is compared to other regional similar agency in its performance. Contrary, inefficiency and delay of agency processes slower decision making which may have severe consequences on the market which in the end affects citizens of Bosnia and Herzegovina.

Communications regulatory agencies should establish a good level of communication with regulated businesses. As with almost all other regulatory bodies they should acknowledge the right of citizens to be provided with accurate and appropriate information on price setting, penalties and all other aspects related to communications and broadcasting environment in their country.

3.4 Enhancement of effectiveness at the CRA

Government needs to provide the legal framework for communications and broadcasting in its country, a set of goals, objectives and policies that are aligned with practice of the regional countries, OECD members and the European Union, while giving the CRA enough independence by updated regulatory framework in order to create certainty for the period of three to five years so the agency would be able to create plans and take corrective actions any time the situation requires. Moreover, a regulatory body requires a legal framework that in case of Bosnia and Herzegovina can only be provided by the Parliamentary Assembly and Council of Ministers (proposal). Those include the powers to set goals and standards in order to work with the general authorization, periodic reviews, independent assessments, enforcement function and to update and regulate these processes to the present time. To achieve high effectiveness regulatory body needs to secure institutional independence from the industries which it regulates. Additionally, the government needs to set the goals to be accomplished by the regulatory body although the CRA is self-financing in the largest part the regulatory body needs to deliver its mission according to the policy Moreover, the government needs to agree on the division of responsibilities between the regulatory body and Council of Ministers as to prevent overlaps or gaps.

Elements of effectiveness provided by the regulatory body

(a) Policies, objectives and strategies

To be effective, CRA needs to be provided with legal tools that are clear and directing policies, documents of law and all other objectives and strategies that are under the jurisdiction of Council of Ministers. A policy goal would be to fully obtain all necessary conditions and to align with the EU 2020 Agenda in terms of digital broadcasting. Laws and policies need to be as much as possible appropriate to current time, they also need to address the most probable and the riskiest situations effectively and proportionately with affordable resources. Moreover, the legal resources need to be allocated in a consistent manner over domestic industries and simultaneously be aligned with regional and European practice. Effective decisions would primarily be designed to reduce all reasonable risks and to introduce such practice that set the annual or any other periodic review of operators against the new practices provided from the legal document. According to IAEA (1999) effective regulatory strategies are described as being prescriptive, performance based, process based or goal based with self-evaluation by the operating organizations. In addition, the Council of Ministers needs to satisfy the basic rules of each new legislative measure aimed toward communication law, or the CRA in terms of recognizing on time the need for a regulatory action, be provided with a set of choices instead of only one option and choose the most effective one. There must be a perfect balance between the legislative measure aimed and the results achieved from that measure, moreover the whole set of measures of the Council of Ministers aimed at regulatory performance must be consistent and consulting with involved parties at an early stage. Another objection of the management

was related to the strategies of telecommunications and broadcasting that are not always clear and whose goals were meaningless without management at the RCA. The last policy on telecommunications was adopted in 2008. Such strategic and directive document is outdated in every aspect. Short term plans that are adopted on time loose every purpose because they are not aligned with the policy, the goals are very unspecific. Even the strategies on communications of Council of ministers that are timely adopted show the lack of interest in serious exploiting of communication tools.

(b)   Organization, functions and competencies to be met by the mission and mandate of the regulatory body.

In order to be effective regulatory body needs to have sufficiently developed method of carrying processes through an organization. Those processes include: licensing, enforcement function, imposing penalties, withdrawal of authorization, protecting the citizens against discrimination, promoting the media sector, support the introduction of new technologies and development of information society in Bosnia and Herzegovina. The CRA has to specify responsibilities of its employees in order to allocate resources in an efficient manner. This process allows creation of responsive organizational culture. Accordingly, it is important for the organization to follow its regulatory decisions in order to confirm their enforcement.

To be effective, CRA needs to have appropriate organizational structure in order to be effective. In current administrative practice of Bosnia and Herzegovina organizational units correspond to different areas of work of the institution. To illustrate this, Parliamentary assembly has different committees dealing with different legislative areas like transport and communications, finance and budget etc. However, there are few other examples how organizational structure can be set. Organizational units can be set in a way that each one corresponds to every purpose of in this case regulatory body. In an alternative way, organizational units may cover all simpler tasks leaving more complex ones to more specialized organizational units. However, responsibilities of each organizational unit have to be clearly stated and insisted upon. Other elements of effective organizations include good communication, flexibility to take action in order to respond to priorities, work engagement by employees, clear strategy, performance nurturing and recognition of top employees.

The secondary documentation of the CRA should also be reviewed and updated on a regular basis. The purpose of such review is to provide a clear, predictable and logical regulatory process for dealing with the dynamic regulatory environment. The CRA needs to constantly employ sufficient number of personnel that is skilled and owns specific knowledge related to regulatory activities. Employees need enough experience and work related specialist training is a necessity to participate at taking independent regulatory decisions. The motivation of employees is another aspect that needs to be seriously considered at the CRA in order to increase effectiveness when performing tasks at the regulatory body. The CRA has direct access to its Advisory Body which according to the elements of effectiveness should be the case. However the Advisory Body doesn't take responsibilities for actions of CRA, the function of a

body is to appoint the director of the CRA. Perhaps the CRA should follow practice of many other agencies of this type and Advisory Body should also perform the oversight function, or the oversight function should be given to the committee of the Parliamentary Assembly. This is a very serious challenge because it would put independence of the agency from political influence in danger, in other views independence from political influence is already in danger by appointing political figures on the top of such institutions and there is nothing wrong in appointing the oversight function to the Parliament, to a larger circle of people, media, public, to both position and opposition. Oversight body should become involved in internal quality elements such as internal guidelines, following procedures, acceptable level of work, review and constancy of actions among others.

The CRA of Bosnia and Herzegovina must be empowered to take and manage all other activities like research activities in support of the work of CRA. Moreover, the regulator must be empowered to employ third parties because the agency doesn't have expertise within itself. In this way to have certain limitations of the value of work carried out by the third party for which the agency would not have to demand such means from the Council of Ministers. The regulatory body independently from the views of SAO needs to be able to critically judge the results of contracted work and possibilities of use of such work in regulatory and developmental sense.

Development of international partnerships among regulatory agencies should be prioritized by CRA in order to foster development of standards, regional and EU benchmarking and alignment of national practices. Development of regional cooperation in broadcasting and communications area is important due to a constant flow of citizens, sharing of communication channels and service providers. Sharing of experiences and personnel should make stronger commitment to EU progress and therefore availability of EU funds for these purposes. The additional reason why countries from Western Balkans should develop closer cooperation among themselves is to better understand the regulated market through customer feedback development, all to address real regulatory topics more effectively. In case of the CRA, the pressure should be put on cooperation with regional agencies because majority of regulatory environment is similar if not the same to one of Bosnia and Herzegovina. Stress should be put to cooperation with the UK regulators because they are the leaders in the area concerning the level of their regulatory development and political incentives that after all influenced creation of regulatory environment in Bosnia and Herzegovina.

CONCLUSION

The interview provided in this research provides initiative results and therefore it would be important before taking any recommendations to include other parties like SAO, Parliamentary Assembly, and the Council of Ministers, under the aid of OECD. Another possible solution would be to have the public hearing on the subject because that way would include opinions from broadcasting companies, the telecommunication companies, non-governmental agencies and the public. Such effort could be used to adopt the new general agency law based on regional

experience and in any way make progress on new regulatory policy with the final goal of making the RCA more effective. Interview with Mrs. Bosnjak provides general information from the point of view of the management of the CRA, and answers provide a good starting point in terms of lacking elements whose presence would undeniably make the position of CRA in terms of its legal strength and effectiveness, stronger. Moreover, the interview inputs that there is a lack of legal and strategic document updates from the Council of Ministers and Parliamentary Assembly which together with other developments in the process of EU aligning in the previous decade shows a lack of political will in the development of regulatory sector.

In regards to the theory covered the Indicators of the development of the communications sector in the world suggest how regulation of communications directly reflects the overall economic growth of a country. Access to wide range of services available to end users at an affordable price is very desirable. Moreover, the fairly regulated market has the positive impact on society like in attracting foreign investments, over educational, healthcare, transportation, security, competition, transparency and availability of services over the positive impact on the environment. Therefore ensuring some of the key prerequisites to economic development is directly associated with regulatory agencies, in our case, the CRA of Bosnia and Herzegovina is the key factor in promoting such positive trends.

Establishment of an effective regulator responsible for the communications sector, whether it is a convergent regulatory body such as in Bosnia and Herzegovina, or with separate responsibilities for electronic media and telecommunications, is a rational decision as to the institutional aspect (harmonization with EU directives). In terms of market of communications which benefits from effective and rapid liberalization process as well as reorganization of the broadcasting sector. The CRA was given a demanding role of guardian, full of expectations at the time and legal ability to overcome the known difficulties of institutional and administrative constellation at the time. For a traditional 'Principal-Agent' approach, it is difficult to explain why legislators establish regulatory agencies and central banks that are more or less independent from their principals. Establishing regulators always creates new actors that may develop and pursue their own interests, rather than those of their principals. Inevitably, such situation generates 'agency losses' and requires that efforts be made to ensure that an entrusted agent does that for which it was established. To conclude, very little support was given to the CRA after its setup in terms of political will that needed to be the force behind the vision of communication sector. The evidence of such relationship was clearly seen in delaying the appointment of the management of the CRA. Moreover, infringing the principle of independence and putting the CRA under political pressure could lead to utilizing the CRA for political confrontations and losing the purpose, credibility and any sense of the regulatory system. Independence of CRA always had to be the guarantee of economic development and a tool of protection of freedom of speech and freedom of media which are the key requirement in any democratic society. Unobstructed performance of regulator entails the tasks are performed without political interference of any kind. It is widely understood that the regulator under the control of political center loses its credibility.

The effective regulator in a communications market is a prerequisite for attracting foreign investment. Investors will not risk financial means in markets where regulations are elastic, or

where different stakeholders apply different rules. Bosnia and Herzegovina need foreign investment and it needs a free market that provides competitive products and services at the lowest prices. Transparency International's (2015) corruption perception indexes positions Bosnia and Herzegovina in 76th place in the World for the level of corruption. Consequently, World Economic Forum's report (2016) on competitiveness points out corruption in Bosnia and Hercegovina as the second most problematic issue. Efficient and independent regulatory bodies are not a luxury that the country can afford only when their economy is already becoming prosperous. They are first of all necessary elements for the economy, in general, to begin to prosper.

The necessary prerequisites for effective regulatory agency may be divided into two groups, the prerequisites or elements provided by government, parliament and other legislators, depending on a legal system in a country, and prerequisites which are under direct control of the regulatory body. One way to test the independence of the regulatory body is precisely the post-election period in one country. The elections, and or the results thereof, should not affect the changes in the administrative and management structure of the regulator which was the case of CRA in Bosnia and Herzegovina. Clearly, the CRA of Bosnia and Herzegovina would start its prosperity and reform only when there is enough political will coming from inside the country to start a wider package of reforms and EU alignment, contrary to the diplomatic efforts of foreign establishment like it was the case when CRA was established. The CRA needs to be provided with legal basis which at the moment is completely outside of its mandate, unaligned with the global trends, without any future development plans and working on the legal fuel provided almost fourteen years ago.

After legal requirements and policies are met, the CRA needs to ensure the elements of effectiveness provided in this thesis. Only then the highest standards, appropriateness and achieved quality will be working for the best public interest by ensuring competitiveness, fair prices and accomplishing important regulation on time. Moreover, the CRA will be able to align to the EU regulation where regulatory quality cannot be perceived without effectiveness in cases where legislation is the appropriate regulatory tool. Furthermore, decision makers need to analyze regulation development in Europe where current strategy could be in the same way possible lesson to the Parliamentary Assembly, Council of Ministers of Bosnia and Herzegovina and the CRA.

In recent years there has been a clear change of attention in the EU from legislation to regulation because it was difficult to maintain the legislative quality as some argue it reached perfection in the EU together with national legislation. The analysis of Smart Regulation which came after the Better Regulation concept according to Xanthaki (2014) clearly points out towards regulatory perfection in the EU and according to the new strategy for the year 2020, both smart and better regulation became neglected as terms in favor of the idea of growth promotion and competitiveness. Furthermore Xanthaki (2014) argues how neither of those strategies gave desired results, perhaps because the regulatory aims were not completely clear at the time.

Finally, it is understandable how the new European agendas do not exclusively aim at the EU regulation quality but to develop regulatory and legislative quality and utilize them in order to

support the market competitiveness and growth of business. This goal has been repeated and clearly articulated in the European agendas primarily through better and smart regulation concepts. The effectiveness of the regulatory agency supported with updated legal and strategic documents is the primary prerequisite in order for the agency to reach the stage where it would be comfortable enough to work on regulatory aims like Agenda 2020 has. Only then the regulators would be used as a market supporting tool for growth of the economy. In this way the CRA could rework its internal acts in order to ensure effective functioning through development of human resource management, organizational goals, outsourcing, work planning, efficiency of regulatory procedure, internal quality development system and the overall management on an organization level.

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APPENDIX

1. LIST OF ABBREVIATIONS

ARD .... Agency for radio emitting of Montenegro

BR .... Better Regulation

EU .... European Union

GATS .... General Agreement on Trade in Services

ISO .... International Organization for Standardization

IRA .... Independent Regulatory Agency

OECD .... Organization for Economic Cooperation and Development

ONP .... Open Network Provision

RBR .... Results Based Regulation

CRA .... Communications Regulatory Agency

SAO .... State Audit Office

SEE .... South East Europe

WGI ………….. World Governance Indicators

WTO .... World Trade Organization