

# Bosnia-Herzegovina

by Jasna Jelisić

*Capital:* Sarajevo  
*Population:* 3.8 million  
*GDP/capita:* US\$7,844  
*Ethnic Groups:* Bosniak (48%), Serb (37.1%),  
Croat (14.3%), other (0.6%)

*The economic and social data on this page were taken from the following sources:*

**GDP/capita, Population:** *Transition Report 2006: Finance in Transition* (London, UK: European Bank for Reconstruction and Development, 2006).

**Ethnic Groups:** *CIA World Fact Book 2007* (Washington, D.C.: Central Intelligence Agency, 2007).

## Nations in Transit Ratings and Averaged Scores

	1999	2001	2002	2003	2004	2005	2006	2007
Electoral Process	5.00	4.75	4.25	3.75	3.50	3.25	3.00	3.00
Civil Society	4.50	4.50	4.25	4.00	3.75	3.75	3.75	3.50
Independent Media	5.00	4.50	4.25	4.25	4.25	4.00	4.00	4.00
Governance*	6.00	6.00	5.50	5.25	5.00	n/a	n/a	n/a
National Democratic Governance	n/a	n/a	n/a	n/a	n/a	4.75	4.75	4.75
Local Democratic Governance	n/a	n/a	n/a	n/a	n/a	4.75	4.75	4.75
Judicial Framework and Independence	6.00	5.50	5.25	5.00	4.50	4.25	4.00	4.00
Corruption	6.00	5.75	5.50	5.00	4.75	4.50	4.25	4.25
Democracy Score	5.42	5.17	4.83	4.54	4.29	4.18	4.07	4.04

\* With the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author of this report. The opinions expressed in this report are those of the author. The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

## EXECUTIVE SUMMARY

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Eleven years after the war's end following the dissolution of Yugoslavia, most members of the international community (IC) could concur in 2006 that it was high time for Bosnia-Herzegovina (BiH) to step up reforms toward European Union (EU) integration and demonstrate stronger local ownership of the process. The two entities—the Croat and Bosniak-dominated Federation of Bosnia-Herzegovina (FBiH) and the almost exclusively Serb Republika Srpska (RS)—have been progressively weakened as central state structures have been put in place. The Office of the High Representative (OHR), the primary civilian authority established at Dayton, has reduced the use of the so-called Bonn Powers as competences are transferred to local institutions in order to encourage local ownership. The IC representatives hoped that the October 2006 elections would put in place authorities who would take full responsibility for the future of BiH and its progress toward the EU. Yet the elections did not provide great hopes in this regard, and Bosnia-Herzegovina made only a limited democratic transition.

In general, the local authorities did what the IC asked them to do even before the elections; they indeed took ownership of the process, but summarily slowed the pace of reforms to near stagnation. Consequently, the planned closure of the OHR in mid-2007 will be seriously reconsidered. After failing to adopt a package of much needed constitutional changes—which would have brought some improvement to the functionality of the state, enhanced its capacity to negotiate with the EU, and redistributed some competences—the October elections consumed political energy in an unproductive way, leaving no room for making necessary reforms in the country. The elections were held in an orderly manner and in accordance with international rules and standards, but the ethnopolitical election matrix continued to be the dominant one.

There were encouraging signs related to the timely and successful finish to BiH negotiations on a Stabilization and Association Agreement (SAA) with the EU. However, its signing was delayed owing to RS revocation of its previous consent to the Police Reform Agreement. As a result, renegotiation of the SAA continued through the end of the year. Another positive signal was the successful defense reform which resulted in BiH membership in the Partnership for Peace (PfP) program, thus providing additional security assurances to BiH. However, in relation to this progress, there might have been some damage to the credibility of the IC conditionality policy. The invitation for BiH and Serbia to join the PfP came despite the fact that there were no major improvements in fulfilling the condition of cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY), nor were Radovan Karadzic and Ratko Mladic arrested and extradited to The Hague.

The implementation of the State Law on Indirect Taxation led to positive results in revenue collection, reduction of the gray economy, and anticorruption efforts. However, the authorities failed to establish a formula for distribution of value-added tax (VAT) revenues collected at the state level. Considerable strengthening of the judiciary was noticed, but rule-of-law institutions and agencies did not cooperate and coordinate work in an efficient manner to fight organized crime and corruption. The ICTY transferred five war crimes cases to the Court of BiH, and the Department for War Crimes of the Court of BiH made considerable improvement in bringing the perpetrators to justice. Regional dynamics continued to have their effect in Bosnia. The delaying of the decision on the final status of Kosovo opened a maneuvering space for politicians in Serbia and the RS to link the status of Kosovo with the status of the RS, which heated the political scene throughout the year and redirected political energy from major reform tasks.

**National Democratic Governance.** The year 2006 saw several advancements in the gradual transfer of authority from international to local authorities, including technical negotiations on the SAA, successful defense reform, positive results from the fiscal reform implementation and VAT introduction, decline of international drafting of laws, and increased level of ownership in the organization of the elections and the vetting process. However, the failure to achieve the necessary constitutional change and the political blockade of police reform in relation to the SAA signing offset the progress. *Bosnia's national democratic governance rating remains at 4.75.*

**Electoral Process.** The organization of the elections, media coverage, the functioning of the Central Election Commission, and the vetting process for the first time performed by local institutions, all increased local ownership of the election process and are commendable. Other aspects of ownership require more time to see how the pieces fit into a functioning system. At the same time, the election legislation, which follows from the Constitution, continues to draw politicians into ethnonationalist campaigns and preserves discriminatory rules that consistently violate Protocol 12 of the European Convention on Human Rights (ECHR). Some say this is a problem not of the election process itself, but of the BiH Constitution. *Bosnia's electoral process rating remains at 3.00.*

**Civil Society.** While there was absolute stagnation in the development of certain aspects of the civil sector owing mainly to resistance to the reform of primary, secondary, and higher education, significant improvements were recorded in the development and implementation of nongovernmental organizations' (NGOs) programs in terms of agenda setting, advocacy, and responsiveness to real issues. Several NGOs had significant influence in focusing the attention of local and international officials on important issues, such as visa regime relaxation and protection of the environment. *For these reasons, Bosnia's civil society rating improves from 3.75 to 3.50.*

**Independent Media.** While BiH certainly deserved its 2006 high ranking by Reporters Without Borders in terms of freedom of journalists and media organizations, the media situation is more complicated than the Worldwide Press Freedom Index can clearly show. The question is less about media freedom than about the media biases that come with ownership and even more about the aim of ethnonationalist politicians and financially powerful individuals who secure influence over the media. There is a clear tendency of financially influential groups to succeed in taking over more media outlets and using them for further extension of their political influence and protection of their financial interests, which could have a long-term negative impact on the BiH democratization process. The improvement in media freedom was partially diminished by other negative phenomena, such as the failure to adopt a federal public broadcasting law and increased media ownership of powerful financial lobbies with political interests. *Owing to these factors, Bosnia's rating for independent media remains at 4.00.*

**Local Democratic Governance.** The Law on Local Self-Governance (LLSG) was finally adopted in FBiH in 2006, in a form that satisfies the level of its harmonization with the European Charter on Local Self-Governance. The RS already had a law on local self-governance. However, none of the entity laws on local self-governance (of the RS or FBiH) was implemented properly in 2006. Great reluctance to decentralize, transferring the competences and revenues according to the LLSG and honoring the principle of subsidiarity, was noticed in both entities, but especially in the FBiH, where additional transfer of competences from the cantonal to the municipal level might be required. *Although there were some improvements in delivering services at the local level, governance in the Mostar and Brcko districts did not show signs of improvement in 2006, which contributes to overall stagnation in this area. Therefore, the rating for local democratic governance remains at 4.75.*

**Judicial Framework and Independence.** The judicial system showed it could be efficient in the investigation of citizenship illegally granted to foreigners from 1992 to 2006, and confidence in the Court of BiH increased as a consequence of handling cases transferred from the ICTY. *However, the complex structure of the judiciary, the lack of harmonization throughout the country, the lack of domestic responsibility for judiciary financing and management, and evaluations that the judicial system is still not free from political interference contribute to the 2006 rating for judicial framework and independence, which remains at 4.00.*

**Corruption.** The adoption of the Strategy for the Fight Against Organized Crime and Corruption, membership in anticorruption regional initiatives, adoption of the Law on Conflicts of Interest, Law on Public Procurement, VAT law implementation, and money laundering monitoring all signal improvements in the area of corruption. *However, the failed attempt to reform the police, lack of harmonization of the legislation, lack of a legal definition of corruption, and no tangible progress in the implementation*

*of anticorruption legislation significantly limited progress in 2006, thus Bosnia's rating for corruption remains at 4.25.*

**Outlook for 2007.** Although constitutional modifications were necessary, they were not accomplished in 2006. The country must make substantial changes to its current political structure (based on the 1995 Dayton peace accords) if it truly wants to become self-sustaining and free of international tutelage. Brussels officials frequently stress that Bosnia cannot negotiate efficiently with the EU on its membership as long as it has such complex and uncoordinated government structures. Despite U.S. Ambassador Douglas McElhane's urging of the speedy adoption of the April constitutional changes, there were no strong indications that this was likely to happen by the end of the year. The same goes for police reform, the implementation of which would also signal to the EU and the IC in general that BiH is ready to start working seriously on its full partnership in Euro-Atlantic structures. On the basis of the composition of the state governing coalition, the opposing political views, and personal animosities demonstrated in 2006, substantial progress in reform does not seem likely.

By the end of the year, the developments in Bosnia indicated that there is a greater chance for BiH to return to a quasi-protectorate status than for it to make significant progress on the EU path. The first of these developments is related to the future functioning of the newly established governments in BiH and their capability to deliver required reforms, which may prolong the life of the OHR and Bonn Powers. The second development is the delay of the decision on the final status on Kosovo. This could also affect the prolongation of the OHR mandate in BiH, despite often repeated claims that the status of Kosovo and RS are not directly linked. Despite strong statements by IC officials that an RS referendum on independence is impossible, Prime Minister Milorad Dodik's calls for referendums on the police and the independence of the RS were still very useful to Belgrade as it pushed to wait for the proposal on Kosovo status and later negotiations on the final provisions. The delay of the Kosovo decision provided even more space for continuing this maneuvering, slowing down the reform process in BiH.

It seems that only the desire to join Europe (the "pull of Brussels") has kept the reform process alive. It has a chance to continue if the EU offers a stronger show of commitment and maintains the linkage of conditions conducive to necessary reforms. The current messages coming from the EU about "enlargement fatigue" provide a perfect excuse for reluctant local political elites to merely pay lip service to EU-related reforms in order to avoid high short-term costs. The benefits of reforms and likelihood of EU membership seem vague, distant, and potentially nonexistent if that enlargement fatigue grows.

# MAIN REPORT

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## National Democratic Governance

1999	2001	2002	2003	2004	2005	2006	2007
n/a	n/a	n/a	n/a	n/a	4.75	4.75	4.75

The year 2006 in Bosnia and Herzegovina (BiH) was marked by three major events: the start of negotiations with the EU on the SAA, the first serious attempt at constitutional reform (which failed in April), and the October 1 general elections. SAA negotiations started on January 25, 2006, and were seen as the most significant achievement of the tenure of Paddy Ashdown as the high representative (HR) in Bosnia. The technical part of the SAA negotiations was finished successfully and on time, but issues related to politically blocked police reform prevented the signing of the agreement by the end of 2006 as was planned. In fact, SAA negotiations were initially opened after the adoption of a political agreement to reform the police in accordance with EU-defined criteria. The overall deal on police reform was brokered at the end of 2005, with heavy international pressure, when parliamentarians in the Republika Srpska (RS) finally adopted the Agreement on Police Restructuring in October 2005.

The politically sensitive details of the police reform and formulation of police districts were left to the Directorate for Police Restructuring, a special commission established by the Council of Ministers of BiH (CoM) which met throughout 2006 and whose work became one of BiH's major conditions for signing the SAA. Likewise, progress on implementing police reform became one of the major indicators of democratic governance in BiH since the EU principles on which it was supposed to be based (that is, state-level competences, elimination of political interference, and police regions defined on the basis of professional criteria) aimed to cut the ties between politics, police, and corruption in BiH.

However, the RS government, headed by Prime Minister Milorad Dodik, fiercely refused to guarantee state-level competences over the police, especially abolishment of the RS Ministry of Interior. The European Commission (EC) progress report published in November 2006<sup>1</sup> stated that the work of the Directorate for Police Restructuring was “undermined by the obstructive attitude of RS representatives,” which led to delays in the implementation of the Agreement on Police Restructuring. The report stressed the lack of progress in this reform as the major obstacle to signing the SAA in 2006. Prime Minister Dodik stated publicly in November that if faced with the choice between preserving the RS Ministry of the Interior and the SAA signing, he would choose the Ministry of the Interior. In short, the implementation of police reform was presented as a choice between “Belarus and Brussels” models. By the end of the year, the RS government had

pressed the IC for a wider interpretation of EU criteria that would allow the SAA to be signed with only minimal changes to the current police setup.

In regard to security matters, there was a general assessment that BiH was technically ready to join NATO's PfP program, and catching suspected war criminals had been the only condition preventing BiH from joining. The same condition had prevented Serbia's participation in the PfP. However, the IC decided to drop the ICTY condition for BiH and Serbia in 2006. At the NATO Heads of State Summit held in Riga on November 28 and 29, a decision was reached that BiH and Serbia could join the PfP,<sup>2</sup> a first step toward eventual membership in the alliance. Up to that point, there had been a firm condition that Serbia must deliver General Ratko Mladic to The Hague, but ultimately this was dropped. Several EU capitals suggested that SAA negotiations with Serbia might be reopened in 2007 with Mladic still at large, which would certainly resonate in BiH.

Defense reform continued to progress in 2006, following the country's adoption of the Defense Law in December 2005. As of January 2006, all defense-related tasks and personnel were transferred to the State Ministry of Defense. In June 2006, the presidency made a decision on the definitive size, structure, and stationing of the armed forces. A parliamentary oversight committee was established at the state level, as was the Defense Reform Coordination Group.

The EUFOR (European Union Force) and NATO command in BiH praised the progress made in transferring more responsibilities from international peacekeeping troops to BiH authorities. The two commands released a joint statement in 2006 announcing the handover of more responsibilities in arms storage and control from EUFOR and NATO to the BiH authorities. BiH forces symbolically participated in the UN peacekeeping missions in Ethiopia and Eritrea, as well as in Congo, and one small unit for destruction of unexploded military devices was sent to Iraq.

The transfer of more responsibilities to Bosnia from the OHR was additionally confirmed when the CoM adopted the decision in September 2006 that vetting of candidates for ministerial posts would be done by parliamentary commissions rather than by the OHR, as was the previous practice. The candidates for ministerial and other public offices in 2006 became obliged to submit data about their background to the BiH Central Election Commission (CEC) and the State Investigation and Protection Agency.

The use of the HR's Bonn Powers dropped significantly in 2006. HR Christian Schwarz-Schilling, who took the post in February 2006 and holds the mandate of the EU special representative in BiH, does not substitute the decision making of local authorities, which was the previous HR practice. His decisions in 2006 were related mainly to the temporary prohibition on disposal of state property, since the State Property Commission had yet to complete the necessary legislation governing rights and obligations to state property at each level of government. Additionally, HR decisions in 2006 were related to appointments of international prosecutors for war crimes, organized crime, and corruption in the BiH Office of the Prosecutor and the Court of BiH, the transfer of cases from the ICTY to the BiH Office of

the Prosecutor, and the lifting of bans on political appointments of BiH officials imposed by previous HRs.<sup>3</sup>

Changes to the BiH Constitution were the hottest national topic in 2006. The aim of this reform was to make Bosnia a stronger state that would be able to function once the OHR closes and the HR departs the country as planned for June 2007. Under the influence of pre- and post-election inflammatory rhetoric and threats of RS secession if Kosovo were to become independent, it was decided that the OHR closure plan would be reconsidered at the Peace Implementation Council session scheduled for the end of February 2007. The constitutional reform aimed at better defining the competences of each branch and level of government, making state institutions more effective and functional, preparing the country to negotiate on its EU membership, and meeting the needs of BiH citizens.

It was widely understood among the IC and domestic political forces that the Constitution written in Dayton could not provide BiH with the right tools for European integration and had created a dysfunctional, inefficient, and expensive state apparatus. Donald Hays, an American diplomat and former deputy HR in BiH, facilitated talks on constitutional change among the country's major political parties. The talks focused on governance issues and targeted the presidency, the CoM of BiH, and the parliamentary assembly, redesigning all of them to secure their functionality and effectiveness. The objective was to expand a number of ministries and competences at the state level to strengthen the CoM. There was also a need to strengthen individual and minority rights in line with the ECHR and its protocols.

Another target of constitutional change was the three-member Bosnian presidency, which currently rotates between the two entities with a Bosnian Serb elected from the RS territory, and a Bosnian Croat and a Bosniak elected from the Federation of Bosnia-Herzegovina (FBiH). The changes would institute a single president and two vice presidents, who would maintain a reduced portfolio of powers and be appointed from the Parliament instead of through direct elections as established in Dayton. The proposed constitutional changes also addressed problems in the functioning of the BiH Parliament. The BiH Parliament currently comprises a 42-member directly elected House of Representatives (HoR) and a 15-delegate upper House of Peoples (HoP), whose members are appointed by the FBiH and the RS National Assembly. The BiH HoP has the power to block legislation passed in the BiH HoR by evoking a "vital national interest" clause. The proposed change aimed to more clearly circumscribe the use of the clause and thus prevent unnecessary blockage of the legislative process.

At the 10-year anniversary of the Dayton conference in Washington, D.C., held in November 2005, Bosnian political leaders committed to making the constitutional changes by March 2006 in order to incorporate them into the October 2006 elections. This tight deadline put additional pressure on BiH political leaders. The process agreed in Washington featured a first phase that would address constitutional changes in state-level institutions and a second phase that would address institutions at the entity, cantonal, and municipal levels.

The talks proceeded reasonably well, with local leaders chairing sessions and international officials facilitating. The U.S. government and EU strongly encouraged the talks but provided only a general frame for the changes. The talks ended on March 18 in Sarajevo with the signing of a political agreement by six political parties, three from each of the two entities: from the FBiH, the Party for Democratic Action (SDA), Social Democrat Party (SDP), and Croatian Democratic Community (HDZ); and from the RS, the Serbian Democratic Party (SDS), Alliance of Independent Social Democrats (SNSD), and Party for Democratic Progress (PDP).

From the beginning, the Party for BiH (SBIH), the newly established HDZ 1990 (a fraction of the HDZ BiH), and the Bosnian Party were clearly against the constitutional changes agreed upon by major parties in the RS and FBiH. SBIH leader Haris Silajdžić insisted that the changes should include diminishing the so-called entity voting established in Dayton and that failing to do so would make any other changes merely cosmetic. According to the Constitution designed in Dayton, every law in the state parliamentary assembly must carry a majority of votes from each entity in order to pass. Many recognized this provision as a mechanism used by the RS to block reforms and the strengthening of the state since the signing of the Dayton agreement. However, the provision had made the peace agreement possible and was understood as a necessary reality that BiH must cope with, the hope being that the EU accession process would change the aim and purpose of “entity voting.”

At the parliamentary vote on the constitutional changes, SBIH representatives conditioned their support for the package on the inclusion of an amendment addressing entity voting. In fact, diminishing entity voting and generally obstructing the constitutional package was the platform on which SBIH leader Haris Silajdžić returned to an active role in politics and the major thrust of his 2006 election campaign. Not surprisingly, Silajdžić’s call for the cancellation of entity voting was completely unacceptable to the RS political elite. It was also considered unrealistic by most other political parties and analysts in the FBiH.

The passage of the constitutional changes failed, lacking 2 votes of the required 28. Silajdžić’s SBIH succeeded in rallying to its side one independent member of Parliament (MP) and one member of the SDA. Out of 11 parliamentarians from the RS, 10 voted for the package. This was the first time that the initiative, which had originally come from the FBiH and the IC, was supported in the RS (more so, in fact, than in the FBiH). In this turnabout, MPs of the RS tried to persuade their colleagues from the FBiH to pass measures supported by the IC, reminding their federal colleagues that the “open arms of Brussels and Washington” would be waiting for Bosnia if the constitutional package was adopted.

It was a precedent of historical proportions that the major political parties from the RS were on the same side as other parties in the FBiH. It was also rare that the Bosniak SDA and SDP BiH, supported mostly by Bosniaks, had the same opinion on this crucial political issue. A similar phenomenon occurred in the RS, where former archenemies—the SDS and SNSD—pushed for the same objective. This agreement on the April constitutional package occurred under strong U.S. pressure for constitutional improvements.

The failure to pass the constitutional changes caused deep disappointment among international officials in Bosnia and also within domestic liberal circles. It was widely agreed that BiH had missed a hard-won opportunity to initiate the modification of the Constitution in time for the October elections and that this failure would send a negative signal to Europe, the United States, and the IC in general. If passed, the amendments would have made some improvements in redistributing competences among different levels of government and improved functionality and efficiency. However, the chances for a fully functional state would be slim even with the amendments, as the entity/ethnic-blocking tool for decision making would remain in the BiH HoR, despite the fact that entity/ethnic representation is already secured in the BiH HoP.

In a year where political debate was concentrated on constitutional change and the general elections, little attention was given to increasing the quality of democratic governance in BiH. However, the EC progress report, published in November 2006, stated that the parliamentary assembly had generally remained favorable to European integration, increased its capacity to prepare legislation, and improved the work of its technical committees.

The RS government, appointed in February 2006 following a motion of no confidence, was effective in preparing laws related to organized crime, privatization, and public administration. However, it made several controversial decisions while removing a considerable number of high officials from the administration. However, special concern was raised at the government's downgrading of already approved principles of police reform, the lack of consensus on the formula for redistributing taxes collected by the Indirect Taxation Agency between the entities, and inflammatory rhetoric over a possible referendum for the self-determination of the RS.

In January 2006, the work of the FBiH government was obstructed by internal disputes over ministerial appointments. The federal government failed to pass legislation on public broadcasting, which is a requirement from the EU partnership. In addition, the ruling elites acted recklessly before the elections by passing two new legislative initiatives that threatened the country's fiscal stability. The BiH Parliament's lower house adopted changes in the law on foreign currency savings debt, while the FBiH-lower house amended the law on the rights of war veterans as both laws were financially infeasible. The OHR, International Monetary Fund, World Bank, and EC delegation to BiH heavily criticized the governments for "behaving as though they inhabit a fantasy world."

Several reports indicated that the dependence of BiH institutions on the IC for legislation drafting is declining. It is worth noting that the HR cannot impose any reform which is a requirement for the signing and implementation of the SAA. The parliamentary assembly passed the law on the establishment of the Directorate for Economic Planning at the state level. It became an additional state institution that will provide economic advice to the BiH CoM, as well as recommend economic policies and provide support to the Bosnian SAA negotiating team.

## Electoral Process

1999	2001	2002	2003	2004	2005	2006	2007
5.00	4.75	4.25	3.75	3.50	3.25	3.00	3.00

In November 2005, Bosnian political leaders gathered in Washington, D.C. for the 10-year anniversary of the Dayton conference. They committed themselves to making constitutional changes by March 2006 in order to incorporate them into the October 2006 election rules. Haris Silajdžić, the wartime prime minister and minister of foreign affairs who had receded into the political shadows after losing the presidential election in 2002, strongly opposed the constitutional changes and used this position—some say out of conviction and others say for electoral gain in order to stage a strong political comeback.

The ensuing tense political campaign started with a debate on the April package of constitutional changes, which was marked by nationalistic rhetoric and demagoguery unrelated to political programs and social economic issues. The constitutional issue clearly positioned the two most popular leaders in BiH, Silajdžić and Dodik, on opposite sides. Silajdžić's campaign was based on claims that the changes were cosmetic and would cement the status of the RS, an illegal entity built on genocide and ethnic cleansing.<sup>4</sup> It was not difficult to rally support for this position in BiH since there was a widespread assumption in the federal part of the country that the Dayton arrangement recognized a portion of the territory that had been obtained illegally. Silajdžić presented himself as the sole defender of the survival of BiH, claiming that he would diminish the RS, which perfectly served the political ambitions of incumbent prime minister Milorad Dodik, the strongest political figure in the RS. To every Silajdžić statement on dismantling the RS, Dodik responded with a promise to organize an RS referendum to secede from BiH.

Those who were hoping that the election campaign—in a country with 40 percent unemployment—would concentrate on “bread-and-butter issues” and that candidates would stress EU integration for BiH were deeply disappointed. The entire campaign was reduced to the timeworn themes of ethnonational divisions, preservation of the RS, and survival of BiH; only the players had changed. Instead of the main leaders from the ethnonationalist, wartime-ruling parties of the SDS and SDA, it was the leaders of the SNSD and SBiH who fought the same old battles, detached from the country's current social and economic issues. The election campaign was devoted mostly to inflammatory rhetoric, as when Dodik threatened to organize an entity referendum on RS secession from BiH, based on the example of newly independent Montenegro. There were also claims that if Serbia loses Kosovo, Serbia must be compensated by gaining the RS. These nationalistic statements, made during the election, were at odds with the country's declared focus on reforms and Euro-Atlantic integration, but they proved to be decisive factors in the election outcome.

The growing strength of Dodik and his SNSD based on an ethnonationalistic matrix was probably the most significant election trend. Five days before the elections, RS prime minister Dodik signed the third accord in a row on special relations between the RS and Serbia, aimed at boosting political and economic ties between Belgrade and Banja Luka.

Three factors significantly determined the political atmosphere in the aftermath of the elections. First, the failure to adopt the constitutional changes was widely understood as successful, but extremely unhealthy, manipulation by Silajdžić, whose campaign was based on strong appeals for diminishing the RS. Second, Dodik's skyrocketing popularity was helped by Silajdžić's anti-RS rhetoric. Dodik used this position as an excuse for stopping the state-strengthening and reform processes, warning that the RS would have a referendum on separation from BiH if Silajdžić continued with his policy of RS dissolution. Dodik's insistence on RS economic development could have a positive impact on BiH as a whole. However, his almost absolute power in the RS and claims that he would bar additional transfers of authority from the entity to the state level could block Bosnia's road to the EU, since some additional competences at the state level would be needed for proper BiH-EU negotiations. Third, IC officials announced the closing of the OHR in 2007. This strengthened the antireform attitude and the nationalists' resolve to continue resisting the adoption of crucial reforms until the "internationals with teeth," meaning the OHR, leave the country.

The general elections in October 2006 were a landmark event for BiH. The widespread assessment was that the elections took place in a dignified and orderly manner. For the first time since the signing of the Dayton peace accords, the Domestic Election Commission took full responsibility for the poll. In its conclusions, the International Election Observation Mission determined that "the manner in which the elections were conducted was generally in line with international standards for democratic elections."

The turnout of 55 percent in the 2006 elections was higher than in the general elections in 2002 (46.8 percent). The number of eligible voters in BiH currently stands at 2.7 million, up from 2.3 million in 2002. This was mainly the result of the passive voter registration system, which was introduced as an amendment to the Law on Elections of BiH in April 2006. The new Citizens Identification Protection System guaranteed that a BiH identity card was issued together with voter registration. The higher turnout could also be seen as a result of the greater number of domestic NGOs working actively on youth election turnout in the country. In total, 7,245 candidates from 36 parties, 8 coalitions, and 12 independent candidates ran in the elections for state, entity, and cantonal levels of government.

The biggest winners of the 2006 elections were the SBiH and SNSD. Haris Silajdžić, founder of the SBiH, won as the front-runner for the Bosniak seat in the country's tripartite presidency with 62.8 percent of the votes. The incumbent, Sulejman Tihić, came in second with 27.35 percent. Nebojša Radmanović, a member of the RS SNSD, won the Serb seat in the presidency with 53.26 percent of the votes, replacing incumbent Borislav Paravac of the SDS. The Croat member

of the presidency became Željko Komšić, a member of the multiethnic SDP BiH party, with 39.56 percent, defeating the incumbent Ivo Miro Jović from the nationalist HDZ BiH (with 26.14 percent). This result infuriated hard-core Croatian nationalists, who claimed that a member of the multiethnic SDP could not be a real Croat and a true representative of the Croat people in BiH.

For the first time, all three members of the presidency came from parties that did not rule during the war or who were seen as typical ethnonationalist parties, which have consistently had the strongest influence since the beginning of the 1990s. The electoral legislation has shaped the political life of Bosnia, further strengthening the country's divisions and reinforcing the same ethnonational matrix. In order to win elections, former moderates have started imitating hard-liners from the SDS and SDA, completely covering their political space.

Bosnians also elected members of the country's various parliaments. Elections were held for members of the RS National Assembly as well as for the entity's president and two vice presidents. Voters in the FBiH elected 98 representatives in the FBiH HoR and representatives in 10 cantonal assemblies. The SDA, SBiH, SDP, and HDZ-led coalition prevailed in the FBiH HoR. The SNSD made a sweeping victory in the RS National Assembly (44.95 percent, 41 out of 83 seats), leaving behind the SDS, which won only 18.99 percent (17 seats). The SNSD became the major political player in and outside the RS, while the SBiH finished close behind in the elections for the FBiH Parliament, where the SDA won 25.45 percent (28 seats) and the SBiH won 22.16 percent (24 seats). The SDP finished third in the Federal Parliament with 15.17 percent, winning 17 seats in the FBiH HoR.

The BiH HoR is dominated by the Bosniak SDA, SBiH, SNSD, SDP, HDZ-led coalition, and SDS. In the October elections, the SDA won 8 seats, SBiH 7, SDP 5, HDZ 3, Croatian Unity coalition (HDZ 1990, HZ-HSS-HKDU, HDU–Democratic Christians) 2, Bosnian Patriot Party Sefer Halilovic 1, Peoples Party Radom za Boljitak 1, and DNZ BiH 1 seat. The SNSD won 46.93 percent, gaining 7 seats, while the SDS gained 3, PDP RS 1, SBiH 1, SDA 1, and DNS 1 seat.

Members of the presidency were sworn in soon after the elections, but the state, entity, and cantonal governments were not formed by the end of the year, with the exception of the RS government. Incumbent Milorad Dodik was nominated and accepted as the new RS prime minister immediately after the election results had been confirmed. He stated there would be no coalition with the second strongest Bosniak party in the FBiH, Silajdžić's SBiH, since the parties do not share any goals. Later, the SNSD entered the coalition with the SBiH at the state level, after the failure to put Lagumdžija's SDP BiH in the coalition instead of the SBiH. However, tensions between the two most prominent leaders, Silajdžić and Dodik, continued until the end of the year, giving little hope to those who were expecting cooperative leaders ready to make difficult compromises and necessary reforms.

The situation in the FBiH was no less complex. The division of the major Croat party, the HDZ BiH, and the creation of the splinter HDZ 1990 resulted in a long conflict over the distribution of ministerial positions at the Federal and

cantonal levels, which prevented the formation of the governments in the Federal- and Croat-dominated cantons by the end of the year.

The elections demonstrated that the political scene continues to be divided along ethnic lines. The SNSD, SDS, and PDP, as well as other Serb parties, competed for Serbian votes, while the SDA and SBiH competed for Bosniak votes. Major Croatian parties, now even more divided after the formation of the HDZ 1990 fraction, also competed exclusively for the Croat votes. The only significant party attempting to promote a multiethnic profile was the SDP BiH, but it did not achieve significant results other than getting its member into the presidency.

Because of constitutional limitations and ethnicity-based nominations, the October 2006 elections again violated Protocol 12 of the ECHR and obligations toward membership in the Council of Europe, as well as measures in Article 7.3 of the Copenhagen Document OESS-a, from 1990. However, the blockade of more significant improvements in the electoral process in BiH was not a result of activities by election officials, but of systemic constitutional obstacles, which political leaders failed to remove in 2006.

#### Civil Society

1999	2001	2002	2003	2004	2005	2006	2007
4.50	4.50	4.25	4.00	3.75	3.75	3.75	3.50

There is a general assessment that politicians in Bosnia are indifferent to the interests of citizens, and as a result, citizens are increasingly apathetic about politics. However, the dissatisfaction with social and economic conditions in BiH still does not affect election results or translate into political power with the potential to make substantial change. Completing the circle, this general public apathy seems to make politicians indifferent to voters' interests and aspirations. Thus, society's potential role as a driving force of reform, prompting politicians to act in the interests of the people and their aspirations, is still very limited in Bosnia.

Few Bosnian NGOs have established a countrywide field of action. Many prefer to register at the entity level (either FBiH or RS) because of complicated procedures for obtaining a statewide registration. NGO financing is still problematic, as current legislation does not give sufficient incentives to private donors. However, some improvements in the NGO sector were recorded in 2006. The Center for Civic Initiatives (CCI), one of the most articulate domestic NGOs, pursued an agenda directly connected to citizen issues. This is entirely new and different from the agenda setting of the majority of NGOs, whose programs and goals are driven mostly by foreign grants and have often been detached from citizens' daily lives and concerns. The CCI, among other things, advocated strongly for the depoliticization of education, equal opportunity for handicapped persons, and revision of social protection laws. For example, the CCI initiated research on where lottery proceeds

are channeled and advocated areas where they should go and also succeeded in influencing the decision for the direct election of mayors in BiH.

In 2006, an increased number of indigenous NGOs worked on missions to initiate and promote citizen participation in democratic processes and to strengthen the capacities of individuals and organizations to successfully solve problems in their communities. NGOs often crossed FBiH and RS entity lines, expanding their work to cover the whole of BiH. There was noted improvement in public advocacy, enhanced public awareness of citizens' needs, and participation in decision making at all government levels. This was particularly noticeable in the increased activity of NGOs formed in 2006. Some developed "parliamentary programs" as an organized way to monitor parliaments at all levels of government.

Among these groups were GROZD, a civil initiative of Citizens Organizing for Democracy launched by the Center for the Promotion of Civil Society, and DOSTA! (ENOUGH!), which advocates for greater government accountability. Both were established in 2006 as activist movements of BiH citizens to involve the public in solving social issues and increase citizen participation in political life and elections. These groups tried to address the feeling of helplessness among citizens to affect decisions and the general lack of communication between citizens and politicians. During the election campaign, GROZD and DOSTA! showed signs of being elitist, but they reached educated youth to a considerable extent and made them aware of their rights as citizens. There were also new NGOs that demonstrated a kind of activism unprecedented in BiH. Youth from Tutto Completo attracted a great deal of attention a week before the elections by throwing paint on the presidency building in Sarajevo and starting the "colorful revolution," as it was soon called.

There were also examples of cooperation and two-way communication between citizens and parliamentary representatives at all levels of government (municipal, cantonal, entity, and state). These efforts informed citizens better about the work of these institutions and decision-making procedures as a whole, and contributed somewhat to increased transparency in the work of all branches of government in BiH.

The power of civil society initiatives was proven during the election campaign and also in regard to the strict EU visa regime for BiH citizens. This long-standing issue had gained little attention from local and international authorities. The CCI started a visa-free campaign and succeeded in bringing to the table all relevant domestic and international officials, pressing them to start negotiations on solving the problem and advocating effectively on behalf of citizens. The HR Christian Schwarz-Schilling stated at the roundtable that working toward a visa-free future is his top priority, and his Bosnian counterparts made similar statements.

The actions of the CCI to a certain extent helped finally to clarify what steps were required from BiH to relax the EU visa regime. Under the well-timed pressure of the CCI and other NGOs, the BiH presidency soon approved a proposal under which BiH negotiators would approach the EU about signing an agreement to ease the visa regime for certain categories of BiH citizens, and the EU recently

gave assurances that the visa regime will be relaxed for certain categories of citizens if conditions are fulfilled. The agreement should be signed in 2007.

The post-election actions of NGOs in Bosnia continued the positive trend of addressing real citizen concerns. Among them was the campaign *Bitka za Neretvu* (Battle for Neretva) for the environmental protection of the Neretva River. A petition was signed against the building of hydroelectric plants that would degrade the river's ecology. Besides the development of progressive youth NGOs, it is important to note the increased interest of religious organizations and communities in public affairs. In 2006, this advance extended to areas typically reserved to public authorities, such as the education sector.

The development of a stable and progressive civil society in BiH is still hampered by the country's education system. Reform of the postwar school system, which the IC strongly recommends, remains a dead issue owing to a lack of political will and the wish of ethnic parties to educate future voters in a segregated system divided along ethnic lines. Hence, the education system has continued to deepen ethnic divisions, with three different curriculums existing for Bosniak, Croat, and Serb children. In total, 14 ministers have authority over education, including 10 cantonal education ministers, 2 entity ministers, and the State Ministry of Civil Affairs. There is also a Ministry of Education for the district of Brcko, which has a special status.

This system segregates and isolates the country's children, and to a seemingly greater extent than in 1992. The IC has not yet succeeded in abolishing the apartheid of the "two schools under one roof" practice, where Bosniak and Croat children in Croat-majority areas go to school using separate entrances, sit in separate classrooms, learn from different sets of books written in often artificially differentiated languages, and are taught by different teachers. The IC's financial penalties for resisting implementation of the reform of primary and secondary education have not been successful.

There are also various problems in BiH higher education, corruption being the most serious. In 2006, polls showed as much as 95 percent of pupils, students, teachers, and parents in Tuzla canton believe that corruption is present at all levels of education. In a similar poll, almost 42 percent of respondents claim that they would offer bribes in exchange for passing grades on examinations. An important element in solving the problems of BiH higher education would be the adoption of the State Law on Higher Education in accordance with the Bologna process, which BiH pledged to follow. However, the law failed in 2006 owing to a lack of support from Croat representatives. Higher education reform is crucial to Bosnia's democratic development and path toward EU membership.

## Independent Media

1999	2001	2002	2003	2004	2005	2006	2007
5.00	4.50	4.25	4.25	4.25	4.00	4.00	4.00

According to its fifth annual Worldwide Press Freedom Index, BiH continued a gradual rise, taking 19<sup>th</sup> place in 2006. Nineteenth place is shared with the likes of Denmark and New Zealand, and ahead of EU member states Greece (32<sup>nd</sup>) and Italy (40<sup>th</sup>).<sup>5</sup> It is the only country in southeast Europe ranked among the top 20 by Reporters Without Borders.

The country's various constitutions provide for the media's freedom of expression. The EC progress report in 2006 stated that freedom of the press had been considerably enhanced, as had freedom of expression, which was generally respected by authorities. The penal code does not contain libel and insult provisions. Defamation and libel cases are addressed under the civil code, while the instruments set out in the press code have not produced positive results in self-regulation.

Bosnia has a pluralistic media environment, with both private and public media outlets. Most of the media respected the laws and their obligations while covering the 2006 election campaign. The law requires that public media provide free airtime for television debates, which was used mostly for rhetorical nationalistic exchanges instead of focusing on substantial issues. Election reporting beyond free airtime was very limited owing to a rigorous reading of the law.

However, public broadcasting in FBiH remains a problem. In July 2006, the FBiH Constitutional Court blocked the Law on Public Broadcasting Service because the Croat representatives in the Federal Parliament claimed the proposed law affected the vital national interest of Croats in BiH. A complete legal framework for the restructuring of public broadcasting continues to be one of the major priorities from the European partnership. State-level and RS-entity media legislation have already been adopted.

For the most part, mass media and especially newspapers remain ethnically divided and influenced by political parties. Clear differences were noted in the media coverage provided by the entities' public broadcasters, whose programs were based on ethnic divisions. The Communication Regulatory Agency (CRA) noted that RS public broadcaster RSTV dedicated 44 percent of political primetime coverage to the RS government, 10 percent to the RS president, and 8 percent to the SNSD—all presented in a positive or neutral tone.<sup>6</sup> FTV, the public broadcaster in the FBiH, favored the SDA with 15 percent of its media space, and all material was presented in a positive or neutral tone.

A closer look at the media situation in BiH indicates a phenomenon common to all states of the former Yugoslavia. Increasingly, the media are falling under the influence of criminal and special interest groups, which hold the states' economic power and strongly influence the political scene as well as other spheres of society. Some roundtable discussions in BiH in 2006 addressed this issue. Representatives from the CRA stated publicly that some of the biggest problems facing a number

of media outlets were their subservient position, lack of critique, and dearth of research-oriented journalism.

Representatives of Transparency International BiH also claimed that powerful financial groups, which often gain power on the basis of money from criminal activities, were buying MPs, politicians, and even political parties to secure their financial interests through the adoption of favorable laws.<sup>7</sup> There is a widespread assessment that powerful financial circles impose their positions on the society through the media and that media outlets contribute to public apathy.

#### Local Democratic Governance

1999	2001	2002	2003	2004	2005	2006	2007
n/a	n/a	n/a	n/a	n/a	4.75	4.75	4.75

BiH ratified the European Charter on Local Self-Governance in 2002, unconditionally recognizing the obligations specified in that act. However, local self-governance was not among the top priorities of domestic and international reformers in BiH in 2006. The RS already has a Law on Local Self-Governance, and in 2006 the FBiH finally adopted its own law. Yet there were no serious attempts to truly implement these laws in terms of decentralization, responsibility sharing, and revenue redistribution. Both entity structures refused to decentralize or surrender some of the competences that should belong to municipalities (as well as the revenues that go with them). The reluctance was even greater in the FBiH since decentralization means, to a great extent, the transfer of responsibilities not only from the entity, but also from the cantonal level of government, which is a matter of great sensitivity for the Croat political parties.

Many experts believe that reform of local democratic governance can be realized within the program of public administration reform agreement signed in March 2003 in Brussels by the prime ministers of BiH and the two entities. This document elaborates the provision of quality public services and, if implemented, should increase the quality of local governance.

There is a valid assessment by various think tanks that top-down implementation of public administration reform, with a focus on centralization instead of decentralization and only a minor role for local representatives, cannot lead to the development of efficient local governance. There is little in the current reform of the BiH public sector (related chiefly to European integration) that would lead to a citizen-oriented public administration on the basis of fiscal decentralization, serious consideration of subsidiarity, and principles of the European Charter on Local Self-Governance.

The Organization for Security and Cooperation in Europe and the Council of Europe are implementing the BiH Beacon Scheme in partnership with the RS and FBiH municipal associations, with the aim of raising the standards of municipal governance by rewarding municipalities that demonstrate excellence

and innovation in citizen accessibility, effective strategic planning, and promotion of local economic development. This has raised the awareness of local governance and hence the quality of service in some municipalities. There were civil initiatives and roundtables in 2006 suggesting that the country's constitutional changes should start at the local community level. The argument for this was that municipalities must be heard in the process since the current BiH Constitution contains elements of racism and discrimination and there is a general lack of democratic local self-governance.

The establishment of a single administration in Mostar continued to be dominated and undermined by poor cooperation among local political forces, which led the HR to appoint a special envoy to Mostar in September 2006 to solve the issues of unifying the city. The EU progress report in 2006 recognized how harmonization of the statutes of the various institutions, unification of public utility companies, and completion of procedures for the recruitment of civil servants are particularly urgent. Mostar has the largest personnel expenses among municipalities in BiH. There is practically no rationalization of the city administration, which devours the bulk of municipal income. Public companies in Mostar are heavily in debt, and at best, the progress of the city in terms of local governance can be assessed as stagnation. Conflicts between the mayor and city council continued in 2006, and Mostar's stage of integration is still qualified as very poor.

The situation in Brcko district, which is a single, multiethnic administrative unit under international supervision, worsened in 2006. Since its establishment, the district has had its own political culture, different from the rest of the country and the classic ethnic politics. However, the election campaign radicalized the political scene in this regard. Furthermore, the end of the supervisory regime added fear, and the political parties started to play on ethnic issues, taking signals from Sarajevo, Banja Luka, and Mostar. The dysfunctional relationship between the government and the assembly in Brcko was identified as the major problem in the district, and in 2006 Brcko supervisor Raffi Gregorian claimed that there is one major structural reason behind this predicament: When the district moved from an appointed government and assembly to elected bodies, the statute did not adequately reflect this change. As a consequence, when the mayor sends the budget and laws to the assembly, his own coalition may vote against his proposals.

#### Judicial Framework and Independence

1999	2001	2002	2003	2004	2005	2006	2007
6.00	5.50	5.25	5.00	4.50	4.25	4.00	4.00

Despite adopted laws and all attempts to strengthen the institutional capacity of the BiH justice system (as well as to better coordinate police and prosecutors), the judiciary remains slow, inefficient, and (in many cases) corrupt. The complex and unharmonized internal structure of the country is reflected in the structure of

the judicial system. There are 208 courts and prosecutors' offices employing 1,281 judges and prosecutors.

The EC progress report in 2006 states that, overall, the judiciary continues to be independent and assesses that the High Judicial and Prosecutorial Council (HJPC), which appoints judges and prosecutors, has performed well. However, further efforts are necessary to improve the functioning of the judiciary, since the country does not take full responsibility for financing and managing the system. There are still four separate, parallel jurisdictions—state, RS, FBiH, and Brcko district—which create systemic obstacles to the efficient work of the judiciary. During 2006, directives continued to come from 14 ministers of justice, and many laws remained incoherent. A good indicator of the state of the judiciary is that there are still four different bar exams for lawyers and the rate of reversal of judgments in major criminal cases at the Court of BiH continues to be very high.

Many national and international observers recognize that the judicial system is not free from political interference. There was an RS government attempt to appoint the RS special prosecutor in May 2006, which was a prerogative of the HJPC. A persistent lack of well-trained judges, prosecutors, and support staff, especially at the lower levels of the judiciary, was also recognized as a considerable problem. Additionally, funds for judicial operations were lacking since financial resources allocated to the judiciary are largely consumed by salaries. People with experience in dealing with the BiH judicial system state that salary increases have only raised the size of bribes to judges.

It has been necessary to provide judicial protection in matters that constitutionally fall under the jurisdiction of the Court of BiH, such as the fight against terrorism, war crimes, human trafficking, organized crime, and economic crimes. Further, with the aim of establishing the rule of law, the Court of BiH will also work on harmonizing standards in court proceedings. The system showed it could be efficient in the investigation of citizenship illegally granted to foreigners from 1992 to 2006. In total, 120 such decisions were reversed on the grounds of false personal information, and around 1,500 cases were scrutinized in 2006.<sup>8</sup> These were mostly cases of people of African or Asian origin who came to BiH to fight during the war.

In 2006, the ICTY started to transfer cases to the BiH judiciary in addition to cases initiated in the Court of BiH. By the end of the year, the ICTY transferred five cases to the Court of BiH (those pertaining to defendants Stanković, Janković, Mejakić et al., Ljubičić, and Rašević et al.).<sup>9</sup> The Court of BiH department for war crimes has five court councils of first instance, comprising two international and one local judge, who is the president of the court council. There were no complaints regarding the fairness of the proceedings, and the court received high marks for its work in 2006, especially for its contribution to bringing indicted war criminals to justice.

## Corruption

1999	2001	2002	2003	2004	2005	2006	2007
6.00	5.75	5.50	5.00	4.75	4.50	4.25	4.25

In 2006, BiH adopted the 2006–2009 Strategy for the Fight Against Organized Crime and Corruption, but it awaits proper implementation with the state remaining challenged by corruption. The newly adopted anticorruption laws are weakly implemented, which produces minimal results and a low level of trust in public institutions.

According to Transparency International's 2006 Corruption Perceptions Index, BiH is ranked 93 among the 163 nations surveyed (where 1 denotes least corrupt) and is thus one of the moderate-to-more corrupt regimes in the world. *The Study of the System of National Integrity*, published by Transparency International BiH, indicates that corruption is dominant at the local level, but the misuse of public funds is traced to the highest levels of government. This leads Transparency International to conclude that the majority of criminal activities would not be possible without the direct participation and patronage of highly positioned officials. It is important to note that immunity rules for MPs also apply to criminal offenses related to corruption. A strong claim can also be made that officials wish to protect their power over feudal, nontransparent, and self-governing territories.

Transparency International revealed that in 2006, BiH still did not have parliamentary commissions in place, or other bodies responsible for anticorruption efforts, or any law that obliges MPs to report their contacts with lobbyists and special interest groups. This becomes an increasingly important problem as the country's economic opportunities grow. In addition, there are no rules regulating lobbyists and special interest groups or obliging them to report their contacts with parliamentarians. BiH is a member of the Council of Europe Group of States Against Corruption, and it is involved in the Stability Pact's Anticorruption Initiative. However, there was no development toward necessary structures or increases in enforcement capacity in this regard during 2006. In addition, BiH still has not ratified the UN Convention on Fighting Corruption and the Additional Protocol to the Criminal Law Convention on Corruption, nor is it a party to the 1997 Organization for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

On a qualified positive note, improvements in increasing the capacity of the BiH judiciary, police, and special agencies were noticeable. However, their cooperation and communication with one another was still lacking, as was the political will to fight corruption. There were positive anticorruption activities related to the adoption of the Law on Conflicts of Interest. However, the law served more as a tool of prevention than as a penalty for perpetrators. The Laws on Public Procurement and VAT also led to some improvements.

The EC progress report in 2006 indicated that the country's problems in efficient prosecution of cases were due to the lack of a clear legal definition of the term *corruption* in BiH criminal legislation. Also, anticorruption legislation is not fully harmonized across the country and there is a clear need to harmonize various criminal codes. As a consequence, only limited progress in dealing with the serious problem of corruption was achieved.

The fight against money laundering is a prerogative of the State Investigation and Protection Agency (SIPA), whose Financial Intelligence Unit remained inadequately staffed with less than half of the planned positions filled in 2006. There were regional meetings of police chiefs to discuss progress achieved in implementing the regional strategy for fighting organized crime and corruption. BiH has drafted its own strategy. However, no laws were adopted in 2006 in this regard. There were also a lack of monitoring institutions in place with specific tasks and measurable deadlines.

A small number of successful corruption prosecutions took place in 2006. One prominent case concerned the former Croat member of the BiH presidency, Dragan Čović, who was charged by the state prosecutor with customs evasion, corruption, and abuse of office. The alleged offenses were committed between 2000 and 2003, when Čović was FBiH finance minister and when, allegedly, he gave illegal tax breaks to business associates. Čović was found guilty and sentenced to five years' imprisonment by the Department for Organized Crime, Economic Crime, and Corruption of the Court of BiH in November 2006. Čović appealed and was freed on bail amounting to 1,584,182 euros and immediately joined the talks on government formation in BiH. Other defendants in the Čović case were acquitted and all other charges were dropped, including those for organized crime and tax evasion, owing mainly to the prosecutors' poor preparation of the case, at least as was reported in the media.

The SIPA and police followed the defendants closely in order to prevent their possible escape from BiH, as happened in the case of another former Croat member of the BiH presidency, Ante Jelavić. Jelavić escaped to Croatia in 2005 after the Court of BiH sentenced him to 10 years in prison, finding him guilty of embezzling funds sent by the Croatian government to aid the Croatian Defense Council in BiH. Jelavić was in Croatia when his sentence was annulled in 2006 by the Appellate Council of the Court of BiH, but opening a possibility for his prosecution in Croatia.

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- <sup>1</sup> *Bosnia and Herzegovina 2006 Progress Report*, Commission of the European Communities (SEC 2006) 1384, Brussels, 8. November 2006, available at [http://ec.europa.eu/enlargement/pdf/key\\_documents/2006/nov/bih\\_sec\\_1384\\_en.pdf](http://ec.europa.eu/enlargement/pdf/key_documents/2006/nov/bih_sec_1384_en.pdf).
  - <sup>2</sup> Riga Summit Declaration, Issued by the Heads of State and Government, Meeting of the North Atlantic Council in Riga, November 29, 2006, NATO online library, <http://www.nato.int/docu/pr/2006/p06-150e.htm>.
  - <sup>3</sup> For more details, go to official Web page of the HR/EUSR in BiH, available at <http://www.ohr.int/decisions/archive.asp?m=8&yr=2006>.
  - <sup>4</sup> This is a widespread opinion among people and politicians in FBiH, especially after the ICJ verdict, which stated that “genocide was committed in Srebrenica” and that “RS military and police forces were participating in it.” While FBiH holds this characterization as consensus, RS politicians and people do not accept it. Dodik recognized the ICJ Srebrenica genocide finding but stated, “I did not participate in it, and it will not have any legal consequences.”
  - <sup>5</sup> Reporters Without Borders’ fifth annual Worldwide Press Freedom Index, available at [http://www.rsf.org/rubrique.php?id\\_rubrique=639](http://www.rsf.org/rubrique.php?id_rubrique=639).
  - <sup>6</sup> Communications Regulatory Agency (CRA) CRA Report: *Izveštaj o medijskom praćenju Opštih izbora u Bosni i Hercegovini [Report on Media Coverage of General Elections in Bosnia-Herzegovina]*, October 2006, available at <http://www.cra.ba/bs/broadcast/reports/default.aspx?cid=4323>.
  - <sup>7</sup> Transparency International: National Integrity System Study, Bosnia and Herzegovina 2007, <http://www.ti-bih.org/documents/20-02-2007/National-Integrity-System-Study-2007.pdf>.
  - <sup>8</sup> “BiH Panel Revokes Citizenship of 120 Foreigners,” *South East European Times*, September 6, 2006.
  - <sup>9</sup> More details at [www.sudbih.gov.ba](http://www.sudbih.gov.ba).

