

By Eldina Pleho and Mirsad Brkic

The past year was a very difficult and depressing one for Bosnia and Herzegovina. The country's two main governing entities, the Federation of Bosnia and Herzegovina (FBiH) and the Republika Srpska (RS), lurched toward disintegration and conflict when the RS threatened to hold a referendum to split the country.

Meanwhile, the fights against corruption and for governmental transparency continued to move backwards substantially. A political attack on Transparency International (TI), the country's major anti-corruption NGO, bodes poorly for the future of civil society. The Office of the High Representative, the international organization mandated by the Dayton Peace Accords to oversee the peace, has been ineffectual and weak, capitulating to pressure from local political factions. And in the judicial system, there has been little action in the past year against major organized crime figures or corrupt politicians, while appeals courts have continued to overturn major convictions on technicalities. A political boss who was convicted on misconduct charges has served no time and continues to run his political party.

The people, meanwhile, see corruption as being endemic. In May 2008, Prism Research conducted a survey for the Center for Investigative Reporting (CIN) in Sarajevo and found that 82 percent of the citizens surveyed consider corruption in BiH a serious problem. In 2007, TI ranked Bosnia at 84 of 179 countries, tied with Gabon, Swaziland and other struggling states.

Prime Minister's Influence Overpowers the Rule of Law

The biggest contributors to corruption and threats to peace and stability have come from developments in the Serb section of the country. Power in the RS has been consolidated in one man and one political party: Prime Minister Milorad Dodik and his Alliance of Independent Social Democrats Party (SNSD—Savez nezavisnih socijaldemokrata).

His administration has been dogged by allegations of criminal activities, and many suspect his move toward nationalist rhetoric is simply a way to control the people and deflect serious inquiries into his practices.

For example, the construction company Integral Engineering from Dodik's hometown of Laktasi has grown into one of the RS's biggest companies, primarily from

contracts received during Dodik's two terms as prime minister. The company, which is under investigation, has an unbroken record of underbidding contracts, only to be allowed to slap on annexes to the contracts that in some cases have doubled costs. While this is illegal, the RS government has allowed it and other gross irregularities when Integral is involved in the tender process.

The most scrutinized case was a contract to build an RS government headquarters building in the RS capital of Banja Luka. The US\$24 million project swelled to more than US\$140 million and involved land swaps, government takeover of private loans and other questionable practices. The RS government refused to release any details, and the reasons given for the cost overruns were not sufficient to explain what happened.

Dodik's government had been previously involved in large privatizations in which the prime minister himself negotiated the contracts. They included the sales of an oil refinery in Brod and of the RS phone company to the Serbian state phone system. All of these deals lacked transparency, with the government not releasing important information. The RS government regularly denies access to information and shields its actions in most cases.

The most audacious case, though, was Dodik's personal attack on TI. The organization has scrutinized the Dodik government, especially his privatization deals and allegations that he misused public funds.

In January of 2008, Dodik publicly accused TI employees of racketeering and organized criminal activities. He also promised to provide the prosecutor's office all resources it might need to prosecute the case, and he publicly guaranteed protected witness status to anyone willing to testify against TI. The NGO, on the advice of its international headquarters, shut its offices in RS for a while, although they have now reopened. No charges have been filed to date. Ironically, this was the first anti-corruption activity of the Dodik government.

Weak Judicial System

The national governments of BiH and the FBiH, Bosnia's other main entity made up of mostly Bosnians and Croats, are not without their own problems. High ranking officials charged with misuse of power or bribe-taking are rarely convicted, and those who are rarely serve time.

The conviction of Dragan Čović, the current president of the nationalist Croat Democratic Union (HDZ—Hrvatska

demokratska zajednica) political party, appeared to show that justice is possible in BiH after all. Čović was convicted of misuse of power and organized crime and sentenced to five years in prison in November 2006.

But Čović has so far avoided serving his jail time, except for a few weeks in detention where he had daily visits from family, friends, and a number of top ministers, including the prime minister. An appeal of his conviction led to a retrial in September 2007 because the court ruled there were procedural omissions. During Čović's retrial the court decided it had no jurisdiction over the case. The case was never referred to another court and it stands in a legal limbo. Čović remains free.

Positive Developments

Not all problems continue. The closure of duty-free shops in Montenegro has had a significant positive impact in the effort to stop cigarette smuggling, a long-standing Balkan core trade. Five small Montenegrin duty-free shops on the Bosnian border had been selling 6,000 cartons of cigarettes each day, even though only a handful of cars crossed the border. Most of the cigarettes were being smuggled by a large-scale smuggling operation with close connections to the Montenegrin government.

Another positive sign was in the FBiH, where the Ministry of Energy backed off a deal that awarded what would have become hundreds of millions of dollars in tenders to build power plants and other energy infrastructure to a group of politically connected small companies with almost no capacity for such work. The actions resulted in investigations but, as is so often is the case in BiH, no arrests or prosecutions.

Such failure to prosecute continues to be a significant problem. Despite the presence of international judges, prosecutors and other court officials, the governments of BiH, its entities and the international community have failed to move forward and prosecute organized crime figures and corrupt politicians. This empowers the guilty, who stay in office and continue to corrupt the system. Hundreds of millions of dollars per year continue to be moved into the private accounts of corrupt officials at all levels, with no significant effort by any authority to stem this tide.