

# **IC Warns BiH Authorities They Risk Squandering Chance of PfP Membership and Progress towards Europe**

Senior representatives of international organizations working in Bosnia and Herzegovina met the principal authorities of the State of BiH and the Federation of BiH, at the OHR in Sarajevo today. The meeting was chaired by Principal Deputy High Representative Donald Hays and Senior Deputy High Representative Werner Wnendt. A complementary meeting will be held with the RS authorities in Banja Luka tomorrow.

The object of these meetings is to impress upon BiH government and parliamentary leaders the International Community's deep concern that the authorities' continuing failure to implement reforms to which they have committed themselves will destroy any chance of BiH entering Partnership for Peace or beginning Stabilisation and Association negotiations with the European Union this year. Failure to honour commitments could also cost BiH US\$100 million (KM 200 million) in World Bank loans.

"BiH is very clearly at a turning point," PDHR Donald Hays said in his remarks to the BiH leaders. "The chance which this country has to enter Partnership for Peace and to begin the EU accession process isn't going to come again soon. If this chance is lost now, achieving the ultimate goal could be seriously delayed. The present rate of enacting required reforms is wholly inadequate. Unless this pace is significantly increased in the coming days and weeks, BiH will say goodbye to its chance of PfP membership in the foreseeable future."

The European Commission's Feasibility Study identifies 16

steps that the BiH authorities must take for the European Commission to recommend starting negotiations for a Stabilisation and Association Agreement with the European Union.

In order to fulfill requirements in the field of rule of law and security, the authorities must unblock the current deadlock on intelligence reform and the creation of a single HJPC and an expanded and strengthened law enforcement capacity at the State level.

In regard to requirements for PfP membership, the authorities have failed to nominate a Defence Minister or fill eight other senior positions in the Ministry of Defence, the Joint Staff and the Operational Command. Adequate funds must also be allocated within the State budget to make the Defence Ministry fully operational, and a broad range of PfP benchmarks, which must be achieved by the middle of May, must be tackled.

Progress has been made on requirements such as introducing product certification procedures that will facilitate BiH exports. However, no corresponding progress has been made on rendering the Indirect Tax Authority operational, and little has been done to create a countrywide business registration system and enact a BiH Statistics Law and Budget Law, or to make significant improvements to government budget practices. Nor has there been progress in improving the operating capability of BiH ministries, or increasing the frequency of BiH Council of Ministers and Parliament sessions.

Reform of public administration and the civil service have been advanced in form rather than substance, and the authorities have yet to resolve the issue of ensuring "the long-term viability of a financially and editorially independent, state-wide public broadcasting system."

BiH authorities were reminded of the commitments they made on reforming education, particularly higher education by signing

onto the Bologna Declaration and Lisbon Convention. Failure to put into parliamentary procedure the State-level Higher Education Framework Law would be an act of bad faith and a signal that BiH is not prepared to participate in the European arena.

Substantial amounts of World Bank funding for BiH are conditional on specific legislative tasks, such as the Higher Education Law, reducing government wage bills, amending the Supreme Audit laws, recognizing pension rights in both Entities and rationalizing entitlements for veterans and war victims, as well as moving forward decisively with privatization and energy-sector restructuring, and enacting a BiH Framework Law on Business Registration, a BiH Law on Leasing and other legislation.

A further US\$15 million in USAID disbursements for 2004 is conditional on passage of the Federation Law on Local Self-Government, passage of the State Framework Law on Accounting and Auditing, passage of the State Law on a Movable Pledge Registry, and RSNA reinstatement of the energy-sector restructuring Action Plan.

Ambassadors Hays and Wnendt and the other representatives of the International Community called on the BiH authorities to acknowledge the gravity of the situation and begin working through the backlog of necessary legislation. "There is still time to enact the necessary laws and take the administrative steps that will fulfill PfP and Stabilisation and Association Process, and safeguard the international funds that BiH so desperately needs," Ambassador Hays said. But he and other international officials warned that the window of opportunity is fast closing.

International representatives at today's meeting were OSCE Head of Mission, Ambassador Robert Beecroft, European Commission Deputy Head of Mission Renzo Daviddi, World Bank Head of Mission Dirk Reinermann, IMF Head of Mission Valeria

Fichera, and USAID Head of Mission Howard Sumka. Along with Prime Ministers Adnan Terzic and Ahmed Hadzipasic, BiH Treasury Minister Ljerka Maric and Federation Finance Minister Dragan Vrankic, the meeting was attended by the Chairs and Deputy Chairs of the BiH House of Peoples and House of Representatives and the Federation House of Peoples and House of Representatives, together with the Heads of Caucuses and Heads of Clubs from both parliaments.