

Article by the Principal Deputy High Representative, Donald Hays: **“Stop the Nonsense”**

Four months ago, when the BiH authorities and representatives of the main international organisations met at Bjelasnica, the governments considered practical measures to encourage job growth. As a result of that meeting, the BiH, RS and F BiH governments committed themselves to actions that will clean up the business environment, boost exports and aggressively re-launch the privatisation process. At Mrakovica in June they agreed an action-plan aimed at turning these policy priorities into reality. This plan, with 131 items and a clear timeline, can be viewed at www.bih.prsp.info

Boosting Exports

Among other things, the CoM and Entity governments agreed to join together to develop a common export strategy – which is a serious first step and a basic prerequisite for boosting exports.

Since the spring, the State Veterinary Agency has begun at long last to operate at full capacity, and is now engaged in negotiations to facilitate the export of fish from BiH to the EU. The experts expect that a breakthrough in this area should be reached either by the end of this year or early next year, creating the conditions for job growth and further investment.

Unfortunately similar progress has yet to be achieved in transforming the Institute for Standards, which is essential for the supervision of proper implementation of laws necessary to meet EC standards in a range of export related areas. In fact, although the institute was established three years ago, the CoM has yet to appoint a permanent director. This means that BiH cannot take full advantage of the EU market for its products.

Relaunching Privatization

At Mrakovica, the Entity governments committed themselves to successfully tendering five companies each before the end of the year. Their object is to demonstrate that privatisation in BiH can work – companies in BiH can attract capital and thus firms can be made competitive and profitable. This is essential in order to create paying jobs, not positions on paper without hope of salaries. Much is made of the threat of privatization to existing jobs. The truth is that many of the so-called jobs don't exist and those that do are either underpaid or not paid at all.

Till now, privatization has brought limited benefits to BiH and its workers. Reasons include corruption, a lack of political will, and the failure to reach an agreement regarding companies' liabilities – their debts, welfare payments in arrears, years of unpaid salaries.

The issue of liabilities is a serious one and often forces a confrontation between social, fiscal and political obligations of the governments. It must be resolved if we are to see real sustained economic growth. Last week, government representatives took a major step forward in forming a Privatisation Working Group. This group has been tasked with developing proposals that will effectively address the question of corporate liabilities. Whatever solution is proposed it will have to take into account the very real fiscal constraints that governments face. If this Working Group is successful and government leaders show real political courage in undertaking the proposed measures it will in the medium term mean real job growth. We cannot afford to fail in this effort.

Cleaning up the Business Environment

The Entity governments in their action plan committed to passing legislation to restructure the electric utility sector – which is necessary if BiH is truly to benefit from its energy production resources and reconnect with the rest of the Balkans after an interval of eight years. This means that the Federation government must pass the prescribed action plan in the coming weeks, the RS government has already done so. Furthermore the Council of Ministers and the State Parliament must pass the legislation establishing the independent Transmission Company and the Independent System Regulator. The action plan is with the Federation Parliament and the two enabling laws for the Transmission Company and Independent Systems Regulator are now being reviewed by the CoM. But time is not on our side. The governments must pick up the pace and pass this legislation if they are to take

advantage of the \$220 million offered by international donors to restructure and upgrade the transmission capabilities of this country and to promote profitable export of surplus energy.

Another essential step in promoting increased efficiency and credibility is the passage of the Framework Law on Accounting and Auditing. The CoM is now reviewing this law but it should be adopted immediately. It may sound dull, but this legislation is essential if BiH is properly to modernise and liberalise its accountancy sector, which will have a positive impact on almost every aspect of business.

The governments also committed themselves to ensuring that their Parliaments enact the Civil Procedure Code. This has been adopted in the RS and entered into force on 1 August. The legislation is in parliamentary procedure in the Federation, and could be enacted by the end of this month. Enacting these Codes is crucial to improving the BiH business environment, increasing creditor protection, and accelerating the handling of commercial cases.

The governments say they are committed to accelerating the pace of reform and while I believe they are, the only way their fellow citizens can judge is by the size of pay packets and other economic benefits. So, citizens need to hold their political representatives to the public commitments they have made, and press them for quick government and parliamentary action

Governments don't work in a vacuum – the Bulldozer Initiative, now in its second phase, has empowered those who run companies to work productively with the politicians who run the country. The second phase of Bulldozer will shortly deliver another 50 reforms to the governments for enactment before the end of the year.

The way in which these reforms, which will be consistent with government strategy, are being drawn up – through broad-based public debate – demonstrates how popular pressure for reform can be turned into government policy.

The selfishness and divisiveness of politics in this country has for too long sidetracked the measures necessary to improve the lot of the average citizen. Demand that the politicians you voted for take active steps to deliver change. Tell your elected representatives to “Stop the nonsense” and tell them to get on with the job they were elected to do.