

# INTERVIEW Boris Divjak, Director of Transparency International

## Many will not be pleased to see the report on corruption published

It is a general trend that political parties have their party-men in all economic sectors and that they, thus, control legal but also grey financial operations in the country

By the end of the month we will have finished a report on problems with regard to the transparency of work of the international community in BiH. Among other things, we will give a brief review of the issue of the third GSM operator licence tender. The report points at a number of deficiencies relating to the tender documentation, which has been estimated as utterly dubious and designed to favour one of potential investors, giving him initial advantage through selectivity of information. The establishment of a fixed price is also an unnecessary and problematic thing – said Boris Divjak yesterday, at the beginning of his interview for the *Dnevni avaz* newspaper. Mr Divjak is the Director of the Transparency International, a non-governmental organisation operating since March this year, based in Banja Luka.

One of the main concerns of the Transparency International is fight against corruption. We have asked our counterpart to reveal to us what the rest of the “study on transparency of work of the international community in BiH” contains.

### **Identify the responsibility**

It will be quite bombastic and many will not be glad to see it published. It is a fact that BiH loses pace with the rest of

the transition countries. With regard to the importance of the role the international community plays, it is logical to conclude that it bears a considerable part of the responsibility for such a bad situation in BiH. It is interesting that, after new authorities came to power in November, there appeared certain documents showing that the high-ranking officials of the international community had known about mass tax evasion and shameless thefts, without having reacted to it! It is, for example, the case with Milorad Dodik, who is BiH's RS counterpart. He was involved in many dubious activities and was still supported! In our study, we have tried to identify the responsibility of the international community.

- ***Have you tried to suggest a solution?***

We suggest the Slovenian model, which is harmonised with the EU and which develops the public procurement issue to such an extent that transparency and responsibility are impossible to avoid. I offered this Law to the RS but they refused it because it obviously did not suit to someone to have the concept of transparency introduced. As for the Federation, I have not managed to speak with the Prime Minister but have met with Zlatko Lagumdžija from the Council of Ministers, who showed certain interest for our proposal.

### **Popular consciousness**

- ***To what extent does slowing down the privatisation process influence corruption itself?***

To a great extent. A great problem is that state-owned companies are being favoured, being given privileges, having tenders fixed for them... In the RS, this can be seen best in the banking sector. Employing various fraudulent activities, the former RS government issued bank guarantees and gave loans through the "Kristal" bank. Formerly the strongest bank in the Banjaluka region, the bank is now ruined and eight millions

are frozen.

The greatest problem of favouring the state sector is a consequential creation of unnatural monopoly. The privatisation delay not only prevents a fair market game but it also directly enables inflow into party-budgets. It is a general trend for political parties to have their party-men in all economic sectors and thus control legal but also grey financial operations in the country. Some of them aim to making short-term profits, for their personal benefit but to fill in their party-budgets too.

- ***How would you illustrate the corruption problem using an "actual" example?***

Interestingly, researches show that BiH citizens perceive the corruption problem as two and a half times greater than that of poverty. It shows the popular consciousness – that corruption creates poverty and that, in the same way, it only enriches those who are rich already and impoverishes those who are poor anyway. As for the bribe, a World Bank study shows that the average bribe in BiH for, say, telephone and electric power connection and maintenance services is 288 marks. It is clear that the poor are those mainly forced to give bribe, since rich people usually have political or other connections.

This leads us to the conclusion that, having seen such a situation in BiH, possible investors will be quite sceptical towards the possibility of investing into this country. Corruption, therefore, among other things, diverts foreign investors while they are the only guarantee for a sustainable development of BiH.

### **Specific figures**

- ***You have mentioned bribe. Could you be more specific in terms of figures?***

Certainly so. According to researches, the average bribe in

the judiciary is 200 to 460 marks. As for, say, sanitary inspection of private business facilities like cafés, their owners immediately offer approximately 120 marks to inspectors. This is a good side of corruption: you can calculate your bribe expenses in advance!

## **Suppression of corruption**

- ***We even connect it with our mentality. Are we destined for corruption?***

It is not true. For example, drivers usually do not fasten their seat belts while driving across the RS, but immediately do so as soon as they enter the Federation, because they think the rules are stricter there. I believe corruption to be an issue within legislation and not a cultural phenomenon. The lack of laws or their poor implementation are the key flaws enabling corruption. Therefore, to suppress corruption we need a prevention system, i.e. laws, but also a system of sanctions for non-observance of laws.

- ***What agencies are most exposed to corruption!***

Customs and, say, law enforcement agencies are agencies having considerable discretionary decision-making rights. Corruption represents a great problem there. Whoever can make a decision on the spot, knowing that his decision will not be contested, he is, as a rule, exposed to corruption. Tax officers also have considerable discretionary rights. The judiciary comes right after them.

## **Tobacco Mafia**

In case of tobacco black-marketing, there are no key centres of power within BiH. With these commodities, black-marketing is controlled globally. Borders are so permeable that, if

local mafiosi complained and asked a bigger portion, they would easily be out of the game and would be replaced by new players. It is important to say that tobacco concerns themselves organise this mafia. For example, the branch in Montenegro is in charge of supplying the whole European Union market with cigarettes. The brain of the operation is based somewhere in Switzerland, while the headquarters is in some American companies.