

Speech by the High Representative, Wolfgang Petritsch, at the Second BiH Anti-Corruption Conference

Let me first express my thanks to all of you for your participation at this conference, which I personally consider of utmost importance in our continued efforts to strengthen the state and the democracy of BiH. I welcome you on behalf of the OHR and in particular on behalf of the OHR's Anti-Fraud Department, which has organised today's conference.

I am especially pleased to see so many senior figures here this morning – there are representatives from the BiH Presidency, the Council of Ministers, the parliaments and the Entity ministries. There are also judges, prosecutors, law enforcement agencies, and there are NGO officials, and representatives from the International Community and the media.

BiH Minister for Foreign Trade and Economic Relations Azra Hadziahmetovic will address the conference, as will RS Prime Minister Mladen Ivanic.

The participation of so many senior figures, from such a broad range of government and non-government functions indicates, I believe, that there is now a general awareness that corruption is not simply a flaw in the fabric of Bosnia and Herzegovina's economy and society.

It is more serious than that. Corruption is the symptom of an illness that is not uncommon to other states of the region. I think it is best described as an unhealthy interaction between weak states with only a short tradition of democracy and weak

civil societies undermined by the communist and nationalist ideologies of the past. But this symptom contributes to the illness itself – a mutually reinforcing vicious circle. This means that we have to tackle the three challenges all together – the legitimacy and efficiency of the state, the establishment of a vibrant civil society and the fight against all forms of corruption.

Let me state one thing clearly – corruption is not unique to BiH. But we know that it hampers this country's chance of becoming sustainable and normal. Corruption is impeding the development of the economy and the administration of justice. Corruption contributes to unemployment and to the inefficiency of services for citizens. Corruption discourages foreign investment. And we know that BiH cannot afford this.

When one considers the drastic impact of corruption on the country and its people, an understandable albeit insufficient response is anger. Citizens should indeed be angry, and so should all of those in government, in the courts, in the civil service, in the police forces who try to do their jobs honestly, who try to serve citizens with efficiency and integrity.

It is time the thieves were thrown out of the counting house. We must do everything in our power to ensure that this happens and that it happens sooner rather than later.

Anger is only useful if it is channeled into practical action. Outrage must be focused on tackling the problem.

The First Anti-Corruption and Transparency Conference, held at this same venue in February 2000, ended with a concerted plea for action.

· We called on the State of Bosnia and Herzegovina to sign immediately the European Criminal and Civil Law Convention on Corruption and to join the Group of States Against Corruption (GRECO) so that BiH could make use of that

organisation's monitoring mechanisms;

- we called for the harmonization of efforts to fight corruption and promote transparency at every level of government;

- we also called for the implementation of laws that require governmental transparency and public reporting of government activities; and

- we called on officials at every level of government to take concrete steps and show political will in the fight against corruption, and to support transparency and accountability, and we invited and encouraged NGOs and individual citizens to become active partners in this process.

Well, Bosnia and Herzegovina did indeed sign the Civil and Criminal Law Convention, in March 2000, just after the first anti-corruption conference, though the Convention was not ratified by the BiH Parliamentary Assembly until January this year. BiH also became a member of GRECO, but it has yet to make optimum use of the monitoring mechanisms which membership makes available.

Success in the fight against corruption is uneven. This is a function of a larger problem. There is at the State level and in both Entities – to varying degrees – a still-prevalent strain of political thought which would rather deprive citizens of benefits than deliver those benefits through cooperation with the other Entity. However, the International Community, in cooperation with agencies in both Entities, is applying pressure so that the propensity for corruption in BiH cannot be amplified as a direct consequence of the country's complex and devolved administration. Progress towards rationalising the Entity structure will have a positive effect here. The creation of a Single Economic Space, for example, makes sound economic sense, but it also requires harmonization of the tax systems, which could eliminate opportunities for

corruption. A fractured system of drawing up and administering commercial and criminal law provides opportunities for corruption as well. Citizens do not get any benefits from unnecessary administrative and legal divisions – criminals and corrupt officials do.

With regard to promoting government transparency there has been progress. In February 2001 I appointed a Special Auditor to conduct an audit of the Federation budget. A similar audit of the RS budget was conducted by an OSCE audit team under the supervision of the RS Supreme Audit Institution. Both audits were carried out over a three-month period. The reports revealed that the operation of governments in BiH is not only wasteful but a fundamental source of corruption. Existing systems of internal control were found to be inadequate to protect public assets against losses from fraud and incompetence.

In the RS, the audit uncovered fundamental shortcomings in the public accounting system, including 31 individual instances of serious corruption. As a result of this, charges have already been filed with the Banja Luka Basic Public Prosecutor's Office , and more charges are now being prepared and will be filed in the near future.

The Federation audit revealed 74 cases of serious corruption committed during 2000. The Prosecutor's Office, the Finance Police and the Interior Ministry of the Federation have worked together closely to ensure successful investigations and prosecutions of the identified corruption cases.

The reform of the Federation Finance Police, which is currently being carried out by the Entity government in cooperation with the OHR, has enhanced the effectiveness of the appropriate investigative bodies in following up cases of corruption, including those uncovered by the audit.

At the State level, the Council of Ministers has drawn up a BiH

Anti-Corruption Action Plan, presented to the public by Minister Hadziahmetovic in March this year. OHR supports this plan, which is based on recommendations made in a Diagnostic Study of causes of corruption in BiH developed by the World Bank in cooperation with the Council of Ministers. OHR recommends a strong implementation mechanism in order to prevent the Action Plan from failing. I believe that Minister Hadziahmetovic will perhaps discuss the plan in more detail in the course of her remarks later this morning.

Judicial reform, which I launched at the beginning of 2001 with the establishment of the Independent Judicial Commission, is first of all crucial for the implementation of rule of law and decisive for the overall fight against corruption. The purpose of judicial reform is to ensure that the fight against crime and corruption is carried on. Effective reform can only be sustained by effective institutions. The parallel ongoing criminal legal reform is aimed at providing appropriate investigative instruments. It is no secret that I plan to establish bodies that will serve as a tool for an accelerated reform of the judiciary. This will allow for a reinvigorated review of judges and prosecutors and an overall restructuring of the judicial system to make it efficient.

Yet, our best efforts will produce little if they do not resonate with the public at large. The process of reforming the public administration of Bosnia and Herzegovina must be fueled not by the good intentions of foreigners and a handful of principled judges, politicians and policemen. It must be fueled by what was once aptly called "the righteous indignation of the people".

What has been the result of the final appeal we made two years ago – for individuals at all levels of government to take the initiative in the fight against corruption and for NGOs and citizens to join in that fight?

Well, I believe we must take the long view here. As you know,

during the nearly three years in which I have served as High Representative a central plank of my strategy has been to ensure that the people of BiH and their leaders systematically recover ownership of the political process. We have made significant progress. Two well-known instances in the political field are the passage of the Election Law in August 2001 and the Mrakovica-Sarajevo Agreement in March this year. It took a huge amount of effort to create the political conditions in which seasoned politicians were prepared to resume ownership and take responsibility for the future of their country. This is something which many citizens still feel unprepared to do. As in other transition countries, one of the most damaging legacies of the old regime in Bosnia and Herzegovina has been a culture of conformity, which still pervades public life. Yet I believe that ordinary citizens are beginning to understand that they can flex their muscles. Cynicism is a product of helplessness. Under the old regime, people were helpless to change their circumstances. That is no longer the case. Ahead of the October elections this gives me hope.

We must do everything in our power to stamp out corruption. We must draft the legislation and enforce it; we must support the honest judges and politicians and civil servants and police officers. This in itself will strengthen the state of BiH and its legitimacy. More and more, I believe, this will gain the active support of the citizens of this country and this – activity of the common people – is the essence of a vibrant civil society capable of fighting the abuse of power that is called corruption.

Thank you.