


*Opening the Ways to Prosperity, Justice,
and Security in Southeast Europe: Civil
Society Voices and Policy Proposals to
Tackle Corruption and State Capture*

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Round Table: The Anti-Corruption Agenda for Southeast Europe after
the 2016 Enlargement Package: How to Break the State Capture
Deadlock and Make Enlargement Deliver Again?

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EU Enlargement Policy 2016

Bosnia and Herzegovina *delivered* on the priorities stemming from its reform process, particularly as regards the **Reform Agenda**. On this basis, the Council tasked the Commission to **prepare an opinion on the membership application**. The significant EU oriented reform efforts need to be sustained in order to address the deeply rooted structural problems that have been holding back the development of the country, including in socio-economic terms. **Strengthening the rule of law and public administration** in line with European standards on all levels of government, as well as further **improving cooperation between all levels** remains a priority. The adopted coordination mechanism on EU matters needs to be implemented to enable the country to face the challenges of the EU integration process, including with regard to the adoption of the necessary country-wide strategies. The **protocol on SAA** adaptation initiated in July 2016 needs to be signed.

Overall focus areas

The Commission's focus on "fundamentals first" has delivered results on the ground and the reform processes are moving forward overall, albeit at different speeds. Given the complex nature of the necessary reforms, it is a long-term process and shortcomings persist in a number of key areas. Reforms are needed in the areas of **rule of law, fundamental rights, democratic institutions and public administration reform**, as well as on the **economy**, and the elected institutions need to move them forward for the benefits of their own citizens. Economic reforms and a strengthening of the rule of law produce mutually reinforcing benefits.

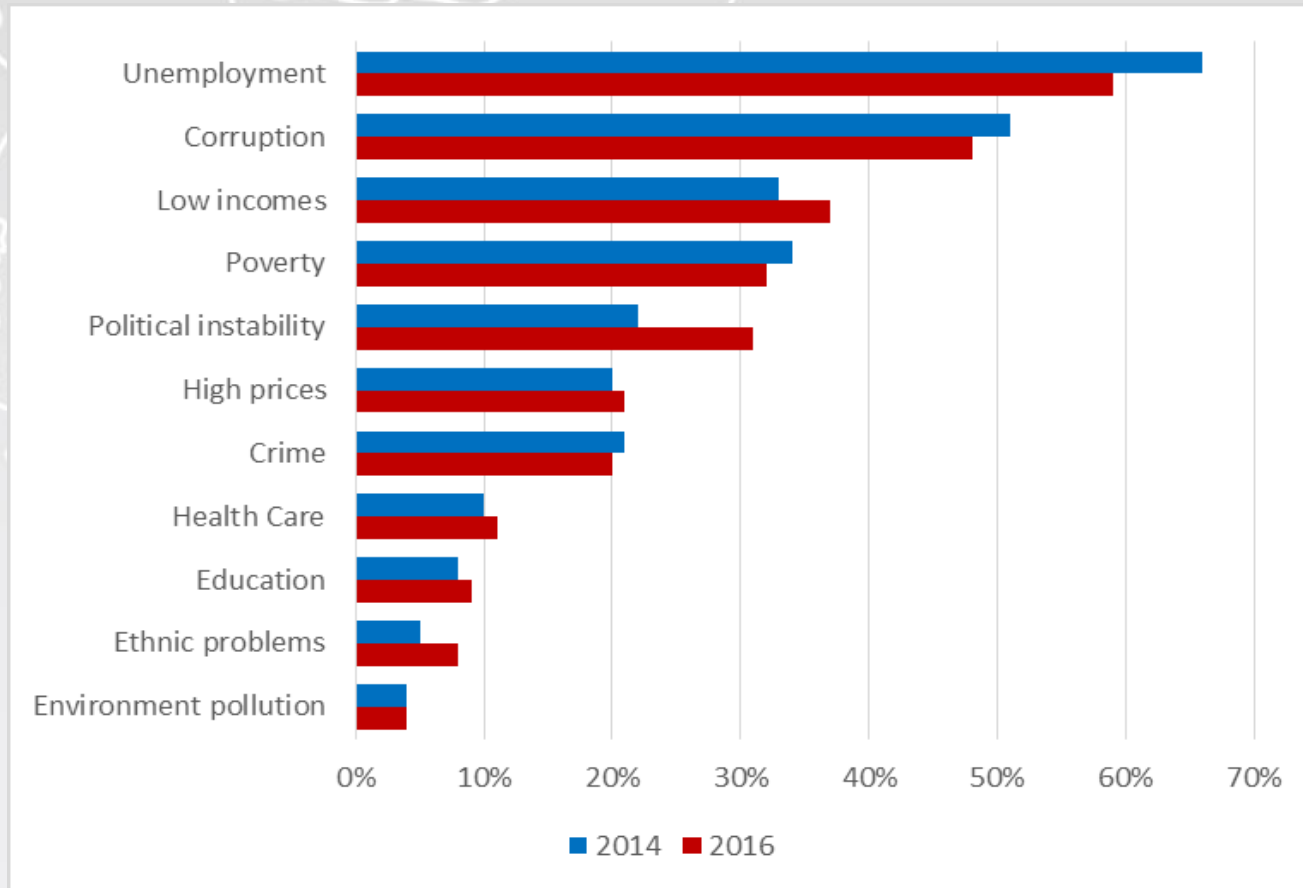
BiH Report 2016

Bosnia and Herzegovina is at an **early stage** with the reform of its **public administration**. Backsliding has been recorded with the changes to the Federation entity's legal framework for the civil service, increasing the risk of politicization. A harmonized approach to policy development and coordination between different parts of the administration is still largely lacking. The adoption of a new strategic framework for public administration, as well as a strategy on public financial management are needed. Bosnia and Herzegovina's **justice system** has **some level of preparation**. Some progress was made on accountability and integrity. The action plan needed to implement the 2014-2018 **justice sector reform strategy** has yet to be adopted. Politically motivated threats on the judiciary by some politicians in the country continued. Judicial independence remains to be strengthened. Bosnia and Herzegovina has **some level of preparation in the fight against corruption**. Some progress was made with the adoption of action plans at various levels of governance but their fragmentation makes implementation less effective. Corruption remains prevalent in many areas and continues to be a serious problem. The declared political commitment on this subject did not translate into concrete results.

SELDI findings / recommendations

- **Effective prosecution of corrupt high level politicians and senior civil servants** is the only way to send a strong and immediate message that corruption would not be tolerated. Regional formats such as the Regional Cooperation Council should take a much more active role in promoting performance-related anticorruption reforms in cooperation with EU member states from the region, EC directorates general specialized in justice and home affairs, and EU Delegations on the ground.
- The European commission should expand its **direct engagement with civil society organizations** in the region. For internationally supported reforms to become sustainable, they need to gain wider public acceptance and CSOs are indispensable for this to happen. The involvement of CSOs is a way of guaranteeing that the accountability of governments to donors and international organizations does not take precedence over accountability to local constituencies.
- **Independent corruption and anticorruption monitoring mechanisms** need to be sustained on national and regional level in order to provide robust data and analysis and integrate both corruption diagnostics and anticorruption policy evaluation.

Ranking of major concerns by the public, SEE regional average, 2016



SELDI findings / recommendations

Comprehensive strategies for tackling hidden economy should be designed, in parallel to the ones devoted to anticorruption, which should be linked to the ultimate goals of inclusive, dynamic economic convergence to the EU, including through:

- Tracking the performance of regulatory and compliance bodies affecting the business environment.
- Implementing the Eurostat methodology for no observed economy adjustments to GDP.
- Conducting regular tax gap assessments and sequencing of reforms on tax gap areas.
- Introducing policies facilitating the formalization of whole economic value chains.

Position of SEE Countries on Major Economic Environment Related Rankings

Indicator	Ease of Doing Business	Economic Freedom	Global Competitiveness Index	Average Annual Per Capita Real GDP Growth Rate 2001 - 2015
Albania	97	59	93	4.4
Montenegro	46	65	70	3.3
Kosovo	66	84	-	3.3
Macedonia	12	47	60	3.3
Bosnia-Herzegovina	79	108	111	3.0
Serbia	59	77	94	3.0
Turkey	55	79	51	3.2
Bulgaria	38	60	54	3.9
Croatia	40	103	77	1.2
Romania	37	61	53	4.1

SELDI findings / recommendations

Critical sectors with high corruption and state capture risks, such as the energy sector, should be addressed with priority, including through:

- increasing competition in public procurement;
- improving the corporate governance of state-owned enterprises;
- transparent management of largescale investment projects;
- enhancing the accountability and independence of energy regulatory authorities.

Possible areas for cooperation

- Monitoring:
 - Public Administration Reform
 - Strategy for Fight Against Corruption
 - Public Procurement processes
- Shadow reports to provide evidence-based findings from CSOs in the country
- Independent channels of communication between CSOs and EU institutions, particularly Brussels based

A white outline map of Southeast Europe is centered on a light gray background. The map shows the borders of countries in the region, including Greece, Bulgaria, Serbia, Croatia, Bosnia and Herzegovina, and Albania. In the top right corner, there are several overlapping blue geometric shapes, including triangles and polygons, in various shades of blue.

Thank you

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