**Bosnia-Herzegovina**

*by Dino Jahić*

**Capital:** Sarajevo  
**Population:** 3.75 million  
**GNI/capita, PPP:** US$9,190

Source: The data above are drawn from the World Bank's *World Development Indicators 2013*.

### Nations in Transit Ratings and Averaged Scores

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* Starting with the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

**NOTE:** The ratings reflect the consensus of Freedom House, its academic advisers, and the author(s) of this report. The opinions expressed in this report are those of the author(s). The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.
Executive Summary

It took 16 months for political leaders in the two-entity federation of Bosnia and Herzegovina (BiH) to form a state government after the 2010 elections. Just four months later, the new government was already re-entrenched in a seemingly endless cycle of coalition creation and dissolution that upstaged all key policy goals. Preoccupied with appointing and removing people from governing positions, leaders made no headway on European Union (EU) accession requirements. The government also missed deadlines with the North Atlantic Treaty Organization (NATO) and EU related to registration of immovable military property to the state and constitutional changes to allow all citizens to run for the presidency or the House of Peoples, the upper chamber of parliament.

The balance of power in the Republika Srpska (RS) entity shifted slightly following a strong performance by opposition parties in October’s municipal elections. Faced with economic problems and high unemployment, BiH took another stand-by loan from the International Monetary Fund (IMF) in October, although previous bailout loan requirements had not been implemented. Anticorruption efforts languished, with the judiciary and media remaining strongly politicized.

National Democratic Governance. Throughout 2012, an on-again, off-again political stalemate prevented effective governance at the national level and impeded progress toward EU and NATO membership goals. Personal disputes dominated politics and public discourse, overshadowing important social and economic questions. As the result of a census law adopted in February, Bosnia’s first census since 1991 is expected to take place in 2013. BiH’s national democratic governance rating remains unchanged at 5.50.

Electoral Process. Local elections in October provided a brief distraction from the ongoing political crisis at the higher levels of government. Mostly uneventful, they resulted in no major allegations of fraud, except in Srebrenica, where Serbian parties accused a Bosniak mayoral candidate of winning with votes from non-residents. Most influential incumbents won reelection, though in the RS a united opposition took many votes from the ruling Alliance of Independent Social Democrats (SNSD). The preelection period saw no advances in increasing transparency of party financing; indeed, newly adopted changes in the Law on Financing Political Parties were widely criticized for potentially encouraging corruption. BiH’s electoral process rating remains unchanged at 3.25.

Civil Society. Nongovernmental organizations (NGOs) in BiH still have minimal influence over political decision-making at any level. NGOs were more active in
FBiH a few years ago, when they acted as a voice of dissent against several long-ruling parties; by contrast, civic activism appears to be increasing in RS, with at least one major campaign gaining momentum during the year. In 2012 most NGOs remained highly dependent on international or public funding, rendering them vulnerable to political pressure. **BiH’s civil society rating remains unchanged at 3.50.**

**Independent Media.** Most news reporting in 2012 focused on the political stalemate and local elections. Electoral campaigning in the media began before the official campaign period, with many news outlets openly taking sides. Similar coverage continued even after the results had been published, as outlets sought to cement their good relations with various political parties. Online media are slowly gaining credibility and outpacing traditional media as a source of objective and investigative reporting. **BiH’s independent media rating remains unchanged at 4.75.**

**Local Democratic Governance.** Financially and otherwise, local administrations remain highly dependent on entity and state-level governing bodies. Local authorities devoted most of 2012 to campaigning for the October elections, rather than meeting their existing responsibilities or fighting for greater autonomy. Even as their local economies struggle, most municipalities maintain bloated and expensive bureaucracies. One positive development in 2012 was the suspension of international supervision in the autonomous Brčko District. **BiH’s local democratic governance rating remains unchanged at 4.75.**

**Judicial Framework and Independence.** Despite multiple reform efforts and occasional improvements, the justice system remains fragmented, slow, and ineffective. Cases are routinely left pending for years, and public confidence in the judiciary is low. EU-BiH consultations on judicial reform are underway, but the resulting recommendations are seldom applied in practice, and the judiciary faces constant political pressure. **BiH’s judicial framework and independence rating remains unchanged at 4.25.**

**Corruption.** Although the authorities say corruption is the country’s biggest problem, they are doing little to tackle it. Institutions lack the capacity or the political will to increase transparency and punish misconduct. At the state level, politicians tried to pass more comprehensive conflict of interest legislation, but even some of them admitted the draft law risked enhancing corruption, rather than reducing it, and the House of Peoples rejected it. BiH’s Agency for the Prevention of Corruption and Coordination of the Fight against Corruption is still not fully operational, and the Strategy for the Fight Against Corruption has not been implemented. Due to the widespread lack of transparency and accountability in institutions and prevalence of both petty and high profile misconduct, **BiH’s corruption rating worsens from 4.50 to 4.75.**
Outlook for 2013. As the political stalemate drags on, early elections in 2013 remain a possibility. BiH will probably continue missing deadlines and scheduled commitments related to EU and NATO membership, especially with regard to required constitutional changes. Politicians appear unwilling or unable to address harmonization of laws with European standards and EU-mandated reforms in public spending and other areas. Negotiations with neighboring countries about state borders must intensify since there are several unsolved issues. Croatia’s imminent EU accession should force BiH to impose European hygiene standards on agricultural products or risk losing exports to one of its largest trading partners.
**Main Report**

### National Democratic Governance

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Under the Dayton Peace Agreement (DPA), Bosnia and Herzegovina (BiH) operates under international supervision as a loose, asymmetrical federation of autonomous entities: the centralized, Serb-dominated Republika Srpska (RS), the decentralized Federation of Bosnia and Herzegovina (FBIH), which is divided into 10 cantons with Bosniak or Croat majorities, and Brčko District, a separate administrative unit in the southeast with its own governing institutions. The stability of BiH remains dependent on the Office of the High Representative (OHR), which is responsible for the civilian implementation of the DPA, and the European Union (EU) Delegation to BiH, which guides the country towards EU accession.

BiH’s complex political system includes a rotating, tripartite presidency with one Bosniak, one Serb, and one Croat representative. The Council of Ministers operates as a state-level government with nine ministries, but does not administer certain key policy areas such as industry, education, or culture. The Parliamentary Assembly of BiH comprises two houses: the House of Representatives and the House of Peoples, each representing two entities and three dominant ethnicities. Both entities have their own governments and parliaments. Each canton in FBIH has a government and a parliament.

In the RS entity, the ruling Alliance of Independent Social Democrats (SNSD) won a clear majority in the October 2010 elections, forming a government within a few months. In FBIH, by contrast, five months passed before the emergence of an unlikely governing coalition between BiH’s largest predominantly Bosniak faction, the Party of Democratic Action (SDA) and the Social Democratic Party (SDP), which operates on a citizen-based (non-ethnic) platform. The coalition between these longtime rivals dissolved at all levels in June 2012, after months of political deadlock and a protracted budgetary dispute. SDP, which had won more votes than any other party in 2010, began cooperating with the Alliance for a Better Future (SBB) and two Croat Democratic Union parties, HDZ and HDZ 1990. Two smaller Croat parties and members of a previous FBIH coalition—the People’s Party Work for Betterment (NSRzB) and the Croat Party of Justice (HSP)—were pushed out of the government, but without enough votes in the FBIH parliament, the new coalition was unable to oust FBIH President Živko Budimir (HSP) and reconstruct the FBIH government.

In the second half of 2012, relations between FBIH’s major parties deteriorated further, effectively incapacitating entity-level politics. In June, media reported that Minister of Physical Planning Desnica Radivojević (SDA) intended to support the SDP in dismissing the supervisory and steering boards of six public companies.
This news prompted the SDA to activate Radivojević’s so-called “blank” (pre-signed) resignation letter, which officials submit to their parties after elections to protect against disloyalty. President Budimir accepted the letter, but Radivojević refused to step down, and the case ended up before the FBiH Constitutional Court. The court ruled that Budimir had not violated the Constitution by accepting Radivojević’s signed resignation, but that the blank resignation itself was invalid; it advised Budimir to reconsider his decision and reappoint Radivojević. Budimir waited six months before finally doing so in December—for the sake of ending the government crisis, he said. Also in December, FBiH Prime Minister Nermin Nikšić (SDP) asked Budimir to dismiss eight SDA, HSP, and NSRzB ministers he claimed were hindering the government’s work, but Budimir refused. The eight ministers, for their part, accused Nikšić of ignoring procedural regulations by sending the draft 2013 FBiH budget to the parliament on his own, without the approval of the whole government. The affair ended up before the Constitutional Court of FBiH, but no decision had been reached by year’s end.

Problems between FBiH parties spread quickly to the state level, where the process of forming a Council of Ministers after the 2010 elections took a total of 16 months. Just three months after the ministers had all been appointed, SDP and SDA broke their coalition, ushering in another period of deadlock and stagnation. The semiannual report of the BiH Center for Civic Initiatives (CCI), which monitors the efficiency of governments and assemblies at all levels of power, noted that by the end of the first three months of 2012, the Council of Ministers and Parliamentary Assembly were so behind in their planned commitments that it would take them the rest of the year just to catch up, without taking on any new projects.

In October, the Parliamentary Assembly voted to dismiss two SDA ministers and one deputy minister from the Council of Ministers. Fahrudin Radončić, president of the SBB and longtime owner of the highly influential daily Dnevni Avaz, became minister of security.

After SDP president and BiH foreign affairs minister Zlatko Lagumdžija instructed BiH’s representative in the UN General Assembly to vote in favor of condemning ongoing violence in Syria, SNSD leader and RS President Milorad Dodik called for his resignation. However, in late October, the two parties put aside years of conflict, forming a coalition and agreeing to collaborate in all state institutions. Their agreement for the 2012–14 period focuses broadly on EU accession and judicial and economic reform, including such specific goals as shortening administrative procedures for development projects and company registration. Although the fact that these parties are agreeing on anything is positive, some of their shared policy goals have drawn criticism. The planned introduction of closed election lists means that in the 2014 elections citizens may vote only for parties, not individual candidates. Also, if the proposed changes are implemented, ballots will be counted in small municipal committees, not a main counting center, leaving room for irregularities.

The Croat member of the BiH presidency, Željko Komšić, who received more votes than his SDP in 2010, left the party in July 2012 and announced plans to
form a new one, saying the SDP was not fulfilling promises to fight crime and corruption.\(^7\)

While political leaders spent another year attempting to oust one another, efforts with regard to EU membership stagnated. In June 2008, BiH signed a Stabilization and Association Agreement (SAA) with the EU, but at the end of 2012 the agreement was not yet in force due to unfulfilled commitments, most notably regarding constitutional changes. BiH’s constitution limits representation in the tripartite state presidency and House of Peoples to Bosnia’s three main ethnic groups—Croats, Serbs, and Bosniaks—effectively discriminating against Jews, Roma, and other minorities. In the 2009 Sejdići-Finci case, the European Court of Human Rights ruled that this stipulation violates the European Convention on Human Rights. In June 2012, most influential BiH politicians agreed to reform the constitution in line with the court’s ruling as part of a “roadmap” of deadlines and obligations BiH must meet on its way to EU accession. However, BiH authorities missed the first of these deadlines by failing to submit the Sejdići-Finci constitutional changes to the parliament by 31 August.

Croatia is set to join the EU in 2013, which will alter BiH’s relationship with a major trading partner if it does not implement certain changes. Only one of eight current BiH-Croatia border crossings will be renovated in time to meet European standards, and one more is under construction. In July, Pierre Mirel, director for the Western Balkans in the European Commission (EC) Directorate General for Enlargement, noted that BiH might no longer be able to export many agricultural products to Croatia after June 2013.\(^8\) The BiH economy is already foundering, with more than half a million unemployed.\(^9\)

In September, financial difficulties at all levels of governance forced BiH to make a new Stand-By Arrangement with the International Monetary Fund (IMF) worth €405.3 million through 2014.\(^10\) BiH already secured a €1.2 billion loan from the IMF in 2009, but it was blocked after just one-third of the funds had been released when authorities failed to cut wages in the public sector and reduce social and war-related benefits.

In April 2010, the North Atlantic Treaty Organization (NATO) agreed to launch a Membership Action Plan (MAP) for Bosnia—a key step toward full membership—on the condition that all immovable military property be registered to the state of BiH and placed under the exclusive purview of the BiH defense ministry. Most influential political parties agreed to these terms in March 2012, but the changes had not been implemented at year’s end. Later in the year, the SNSD leader Dodik called for the abolition of BiH’s armed forces, repeating his frequent prediction that BiH will soon collapse.\(^11\) Croat parties continued to call for the restructuring of the FBiH and a third, Croat entity.

BiH did adopt two important, EU-mandated laws in February 2012—the State Aid Law and the Census Law. The former establishes a Council for State Aid, to be funded equally from the state and entity budgets. Among other important functions, the council, whose formation was still pending at year’s end, is expected to improve coordination of funds transfers for development projects. The Census
Law aims to yield the first population census since 1991. New census data will show demographic consequences of the war and affect the formation (ethnic representation) of future governing structures. The census is planned for April 2013, though in December EUROSTAT, the EU’s statistical office, recommended postponing it at by least six months because statistical agencies were unprepared.12

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Municipal elections are held every four years in BiH, as are parliamentary elections, though they are two years apart. It has been suggested that local and national elections should be merged onto a single schedule to reduce campaigning and associated costs.

Campaigning for the October 2012 municipal elections focused on national issues, rather than local ones, especially the inability to create a stable Council of Ministers. As in previous years, party leadership participated extensively in preelection media and outreach, becoming far more visible in the campaign than the local candidates, themselves. Over 30,000 candidates competed, either as independents, coalition members, or representing one of BiH’s 190 registered political parties.13

The Central Election Commission (CIK) butted heads with the State Court of BiH more than once in the run-up to the polls. In November, it fined the NSRzB 10,000 Convertible BiH Marks (KM), roughly €5,100, after FBiH minister of agriculture and NSRzB vice-president Jerko Ivanković-Lijanović spent KM 671,000 in taxpayer money on a national agricultural campaign with the slogan “Buy Local—Buy with Heart.” According to the BiH chapter of Transparency International (TI), which led the criminal case against the NSRzB, the slogan was intentionally reminiscent of NSRzB’s official motto, “With Heart for Betterment,” and therefore served as a state-financed campaign tool for Lijanović’s party. However, the Court of BiH challenged the CIK’s ruling, saying the link between the agriculture ministry’s campaign and NSRzB’s electoral slogan had not been proven, so the CIK had to repeat the investigation.14 The CIK also attempted to block 20 self-proclaimed independents from running in October on the grounds that they were actually allied with the NSRzB, which has been accused of vote-buying in past elections and has incentive to increase its representation in local election committees. However, the State Court of BiH overruled the CIK, allowing the independents to run.

In RS, one incumbent candidate for a mayoral post was arrested and indicted three weeks before the election, for accepting bribes. Milovan Ćerek, a member of the Socialist Party (SP), maintains his innocence, and his trial is ongoing. In December, a witness testified that Ćerek sought a KM 10,000 donation to the SP in exchange for a favor.15 Srdan Ljubojević, another SP member, was arrested one
month before Čerek, also on bribery charges. Ljubojević confessed and received a one-year prison sentence. The opposition claimed the arrests were politically motivated.

In November, the Parliamentary Assembly adopted changes to the Law on Financing Political Parties, despite criticism from organizations like TI. Party members are now permitted to make donations of up to KM 15,000 a year, a rule TI says parties may manipulate by registering fictive members. Annual contribution limits for legal bodies and individuals also increased, while party financing violations are not prosecuted properly, according to the EC’s October 2012 progress report. Elections were not held in Mostar after the BiH Constitutional Court ruled that some parts of the Mostar Statute contradicted Electoral Law by not allowing voters from all city areas to choose equal numbers of city council representatives. Politicians did not reach agreement on the necessary changes before the vote.

In past elections, citizens of Srebrenica registered in the 1991 census were able to vote, regardless of their current place of residence. This allowed many Bosniak refugees to vote, and a Bosniak mayor always won. Due to electoral changes in 2012, however, only current Srebrenica residents could vote in October, angering Bosniaks and prompting them to called upon people across the country to register as Srebrenica residents. After a series of related controversies, a Bosniak candidate narrowly defeated an ethnic Serb competitor. Led by the SNSD, Serbian parties complained, but the State Court of BiH dismissed their appeal. Since Bosniaks and Serbs each got 11 representatives (plus one member of the Roma minority) in the municipal council, coalition negotiations were complicated. In December, however, the parties formed a coalition including all elected officials. The deal followed the state-level agreement between SDP and SNSD in October, illustrating the manner in which state-level politics often affect local decision-making.

Voter turnout in October was 56.36 percent, compared to 55.3 percent in the 2008 local elections. Despite some reported irregularities, international observers said the elections were well implemented, overall, and in keeping with Council of Europe standards. Čelić residents protested the outcome of their polls, claiming the SDA candidate had bribed voters for a narrow victory over the independent. The CIK upheld the election results, but annulled those in East Drvar and Mostar East, tiny RS municipalities, because of illegally registered voters, and different candidates won a November revote. In the municipality of Krupa na Uni, war crimes suspect Gojko Klričkić became mayor.

Despite being pushed out of the state-level coalition, the SDA remained strong locally, with the most mayoral (37) and municipal council positions (516). In many RS municipalities, opposition parties collaborated to weaken the SNSD, proposing joint candidates. They succeeded, as the SNSD won only 19 mayoralties, compared with 40 in 2008. Nevertheless, they took the second most council positions (387). The Serb Democratic Party (SDS) benefited from SNSD losses by winning 26 mayoralties, 10 more than in 2008. The SDP slightly outperformed 2008 with 10 mayors, but lost two of its longtime strongholds in Bihać and Novi grad Sarajevo. In its first local elections, the SBB fell short of expectations with only two mayoral
posts. The HDZ and HDZ 1990 remained strong in Croat-dominated parts of BiH, winning a total of 16 mayoralties between them.21

Civil Society

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Prior to the 2010 elections, civil society organizations in BiH—and especially in FBiH—were active with get-out-the-vote campaigns and monitoring efforts. Since then, the activity of such organizations has flagged somewhat. Accusations that some of them had become complacent after realizing their goal of elevating the SDP to power in 2010 gained traction when members of several organizations subsequently joined or closely aligned with the SDP. There were no significant get-out-the-vote campaigns in 2012.

Enduring problems such as street violence once sparked regular public demonstrations in FBiH, but such activities were rare in 2012. Even when protests were organized, they were small and mostly involved particular interest groups such as former soldiers, who spent weeks outside the Parliamentary Assembly building in Sarajevo fighting for the pensions they had been promised when the authorities sent them into early retirement in 2010.22 Protests were also organized in October when the BiH National Museum closed due to a lack of funding, but only a few people gathered. BiH cultural institutions are struggling to survive, often with unstable, ad hoc government grants as their main source of financing.

Financing is a problem for all nongovernmental organizations (NGOs), which rely on international donors and, to a lesser extent, state funds. According to the Sarajevo-based Center for Investigative Reporting, BiH institutions gave €146.7 million to NGOs between 2007 and 2011, but the real figure is higher, as only about half of the lending institutions provided data.23 Journalists have discovered several cases of misallocation and misuse of this funding, and the FBiH Inspection Bureau has discovered that a significant number of NGOs cheat on their taxes.24

Some NGOs provide important analysis of the government’s anticorruption efforts. However, civil society organizations rarely influence high-level policymaking; when they do, it usually takes years of lobbying and requires additional support from political parties. In 2011, RS authorities finally made legislative changes forcing banks to exhaust every option to collect repayment from debtors rather than guarantors. The FBiH Parliament adopted a related bill in September 2012.

While civil society organizations in FBiH are somewhat passive compared to two years ago, organizations and movements in RS showed signs of increased vigor and independence from local political authorities in 2012. In June, a demonstration against construction in a city park in Banja Luka escalated into a series of political protests against corruption and other pressing social issues.25 The demonstrations lost momentum after the October elections, but some remained active at year’s end, focusing mostly on environmental and local political concerns. In March, the
Center for Human Policy filed a criminal complaint against RS prime minister Aleksandar Džomići and other officials for seeking to exert influence over private media by paying them millions of KM from government budgets in the form of various grants and subsidies. The RS Special Prosecutor’s Office refused to investigate the case, citing a lack of evidence.

Religious communities remain influential in everyday life and politics. In 2012, sustained pressure, including death threats, from religious hardliners led Emir Suljagići to resign from his position as the BiH minister of education for the Sarajevo cantonal government. In April 2011, Suljagići alienated many religious constituents by attempting to address grade point average (GPA) inflation for students subscribing to majority religions by removing marks earned for religious education classes from their GPAs.

BiH’s higher education system continues to struggle with outdated curricula heavy on theory and geared towards overproduction of professionals in law, economy, and political science. Allegations of corruption in education administration are widespread, as is the practice of ethnicity-based school segregation. While most RS schools are ethnically homogeneous, some FBiH cities follow the “two schools under one roof” policy, a form of segregation where Croat and Bosniak youth study in the same building but have separate entrances, classrooms, and curricula.

### Independent Media

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The professionalism and quality of journalism in BiH have declined in recent years. The media market is oversaturated and polarized, divided along ethnic, entity, or political lines. Freedom of speech is guaranteed but seldom exercised in pursuit of objective, unbiased reporting and criticism of governments and politicians. A September 2012 report by the Press Council of BiH and the Association of BiH Journalists found that 63.75 percent of poll respondents view political influence as the biggest factor undermining independent journalism in BiH.

BiH has eight daily newspapers, seven news agencies, and more than a hundred periodicals, from news magazines to advertisements. Six different journalism associations exist, but rarely cooperate or coordinate their activities. BiH’s broadcast media are also diverse and complex, with 45 television and 153 radio stations. One-third of television stations and almost half of radio stations are local and completely dependent on financing from local levels of power, which raises questions of objectivity.

During the 2012 municipal election campaign, many media openly promoted political parties and candidates, actively campaigning for some of them. Some journalists even sought office, themselves. One of FiH’s most influential daily newspapers, *Dnevni Avaz*, openly campaigned for the SBB party led by Avaz founder Fahrudin Radončić (who also owned TV Alfa), as well as for SBB’s coalition
partner, SDP. Avaz also harshly criticized SDA, the party it had promoted just as aggressively for years before SBB was founded in 2009. Though with less overt bias than Avaz, the daily newspaper Oslobodjenje, a longtime competitor of Avaz, also shifted the tone of its election coverage from pro-SDP to pro-SDA.

Radončić divorced his wife in May, and ownership of Avaz was transferred to her. The former Mrs. Radončić is supposed to pay her ex-husband KM 200 million for the company over the next three years. Many believe the company is not worth that much, and that the deal aimed to mask a conflict of interest when Radončić became BiH minister of security in November. Now Radončić enjoys the support of Avaz, but does not technically own it. On election day, Radončić’s former wife appeared with him at the polls.

Whereas in FBiH most media openly choose sides between the ruling and opposition parties, only a few outlets in RS dare to criticize the ruling SNSD. They receive financial support from the RS government, which is widely understood as the price of their loyalty. From 2009 to 2011, the amount of that support was approximately KM 14.5 million. Almost the same amount of RS entity money was allocated to media over the seven preceding years, but mostly to the RS News Agency (SRNA) and the public broadcaster Radio-Television of RS (RTRS). From 2009 to 2011, much more funding went to privately owned news outlets—KM 3.9 million went to five newspapers and more than half of it went to two of them, Nezavisne novine and Glas Srpske, owned by Željko Kopanja, a friend and former business partner of RS president Dodik. In a February 2012 interview, Kopanja denied that his media receive money because of his friendship with Dodik or that they have a policy of repaying financial support with uncritical coverage, but added: “Probably there is, I won’t say a moral obligation, but some feeling that the government has helped the company in turbulent times.” The RS government continued to support public and private media in 2012, with KM 1.4 million going to the SRNA in March and an additional KM 830,000 going to five private media in the first four months of the year, more than half of it to Nezavisne novine and Glas Srpske.

Public broadcasters in BiH, including RTRS, the state radio and television broadcaster BHRT, and FBiH radio and television broadcaster FRTV, face political pressure. As parties vie for influence over major media, the appointment process to key oversight bodies becomes deeply politicized and often results in a stalemate. In July, the FBiH parliament attempted to circumvent normal appointment procedures by appointing a provisional steering board at FRTV. In December, the House of Representatives of the FBiH parliament again appointed a temporary steering board for FRTV, but the decision was blocked in the House of Peoples. The BiH Communications Regulatory Agency (CRA), which is responsible for ensuring a competitive market, the licensing of broadcasters and telecoms, and setting licensing fees, has not had a director-general since 2007, and its council members’ mandate ended in April 2009. BiH’s Croatian parties continue to call for a new, Croatian-language channel to better represent the interests of ethnic Croats.
On several occasions in 2012, prominent politicians and public figures in both entities verbally threatened journalists. In June, President Dodik publicly called journalist Ljiljana Kovačević a liar and did not allow her to ask a question at a press conference. Later in the year, television reporter Sinisa Vukelic received death threats from businessman Mile Radišić.37

Many journalists face financial problems, often working for low salaries, without pensions, health insurance, or proper contracts. Overproduction of staff has been a problem for years because universities produce far more journalism graduates than there are jobs, and the quality of their education is also questionable.

There is more space for free, objective, and investigative reporting online than in traditional media.38 CRA estimated there were 2,113,100 internet users in BiH at the end of 2011, slightly more than half Bosnia’s population.39 Many people use online social networks—BiH has almost 1.3 million Facebook users.40 Twitter is not yet widespread, even compared to neighboring countries.

Digitization of BiH’s media has been hampered by bureaucratic inertia and poor coordination between government bodies. BiH is missing key digitization deadlines and seems unlikely to make its goal of completing the transition by the end of 2014. For the past two years, the Ministry of Communications and Transport has been unable to select suppliers of technical equipment because the Procurement Review Body of BiH annulled the first tender in 2011 and did not make a final decision on the second one, launched in April 2012.

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Cities and municipalities are the lowest level of power in BiH. Their rights are regulated by entity constitutions as guaranteed by the European Charter on Local Self-Government. RS had 60 municipalities and two cities (Banja Luka and East Sarajevo) until July 2012, when its National Assembly gave official city status to four more municipalities: Prijedor, Doboj, Bijeljina, and Trebinje. FBiH has 78 municipalities and two cities, Mostar and Sarajevo (Sarajevo itself is divided into four municipalities). FBiH also has 10 cantons, a level of power between the municipalities and FBiH entity. Their bloated bureaucracies drain budgets, and part of the discussions on constitutional reform is on reducing the number of cantons or merging some of them into regions.

The 2012 state-level political crisis trickled down as coalition shakeups led to personnel changes in several cantonal ministries. The Sarajevo Canton faced two major changes: in June, when SDA ministers were replaced with SBB members; and in September, when the SDA made a comeback, gathering support in the Cantonal Assembly for a no-confidence vote on the SDP-led government. The
government’s collapse undermined public administration in the Sarajevo Canton for most of 2012.

In most cases, party leaders played a bigger role in campaigning for the October municipal elections than candidates themselves, reflecting the influence state officials wield over local politicians. Most local leaders are members of whatever political parties dominate at the state and entity level, so their loyalty is near guaranteed. Those who step out of line—or do not belong to leading parties—face many problems in acquiring financing for campaigns or local governance projects. Apart from a few major towns, local economies face high unemployment and general stagnation, and depend largely on funding from higher levels of power.

Transparency and accountability are lacking in local government. Many municipalities fail to publish budgets or important records online. Some refuse to communicate with the media, which are financially dependent upon and often owned by local authorities.

Despite stable interethnic relations in much of BiH, some cities remain divided, including Mostar, where a Croat-majority population lives in the west and Bosniaks dominate the east. In FBiH, the ethnically divided school system creates fissures locally although local governments do not dictate education policy. In April, a Mostar municipal court banned the practice of “two schools under one roof” in the towns of Stolac and Capljina, but the ruling was not implemented in 2012 due to weak political will (the Herzegovina-Neretva Canton Ministry of Education even appealed it). In October, the Travnik municipal court dismissed a lawsuit on the same issue.

Brčko District is the only part of BiH that belongs to neither entity. It was under international supervision for years, which ensured the effective functioning of its institutions. In August 2012, Roderick Moore, first deputy of the High Representative for BiH and Brčko supervisor, suspended his office’s mandate, leaving Brčko to local authorities because, he said, they had proved capable of running Brčko themselves. Brčko is considered a model for BiH on education, politics, the economy, and other areas.

Judicial Framework and Independence

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Laws in BiH are enforced by four separate court systems. The State Court of BiH has criminal, administrative, and appeals departments and jurisdiction over specific types of crimes, such as war crimes, financial crimes, and crimes against the state. The FBiH and RS entities have separate judicial systems, with their own constitutional and supreme courts, as well as cantonal and municipal ones in the case of FBiH, and district and “basic” (minor offense) courts in the RS. There is also a separate court system for Brčko District. The complexity of this multilayered
system leads to frequent conflicts over jurisdiction. Meanwhile, courts at all levels struggle under the weight of large case backlogs and frequent political interference. Public trust in the independence and competence of the judiciary is low.43

An ongoing “Structured Dialogue on Justice” between BiH authorities and the EU began in 2011 under the SAA. The dialogue aims to consolidate the judicial system and strengthen its independence, effectiveness, and accountability in accordance with EU standards.44 In its October report, the EC noted that the dialogue had bolstered political support for the 2009–13 Justice Sector Reform Strategy, leading to better planning among stakeholders in the allocation of human and financial resources, among other benefits.45

Nevertheless, certain parties have continued their efforts to diminish or harness the authority of state-level judicial institutions. In February 2012, the Serb SNSD and SDS parties tried to abolish the State Court of BiH and the BiH Prosecutor’s Office altogether with draft legislation that was ultimately voted down by the BiH Parliamentary Assembly. Legislative priorities agreed upon by SNSD and SDP leaders in late October and early November include shifting responsibility for appointing prosecutors from the High Judicial and Prosecutorial Council (VSTV) of BiH to state and entity-level parliaments, which will choose candidates from a list proposed by the VSTV. The parties also agreed that new VSTV members should be university professors selected by the BiH Parliamentary Assembly, rather than lawyers appointed by legal associations. International officials and many civil society organizations criticized these changes, claiming that putting council appointments in parliament’s hands would only institutionalize existing political pressure on the judiciary.46

Although the VSTV is trying to improve the efficiency of the courts, VSTV President Milorad Novković said in April that the total case backlog across all BiH court systems is roughly 400,000, plus 1.5 million cases related to unpaid utility bills.47 Meanwhile, the judiciary continues to address the large number of pending war crimes cases by transferring cases from the state level to courts in the entities and Brčko District. According to the EC, these courts “urgently” require improved investigative capacity and financial resources.48

In September 2012, the security services of BiH launched large-scale joint operations to prosecute cases of organized crime, high-profile murders and robberies, drug trafficking, tax evasion, customs fraud, and money laundering. This and other police operations slightly improved public trust in the justice system, but the trials will be telling as many past high-profile cases have ended with convictions on minor charges, or none at all. BiH signed extradition agreements with Croatia and Montenegro in November; agreements with Serbia and Macedonia are expected to follow in 2013. They are not retroactive and do not include war crimes.

Construction of a state prison, planned seven years ago, had not yet begun at year’s end. Radovan Stanković, a convicted war criminal who escaped Foca prison in 2007, was apprehended in January 2012.
Corruption

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Strong engagement by the international community and domestic NGOs, as well as considerable financial investment in anticorruption reforms, has done little to curb the pervasiveness of corruption in BiH. Any positive developments during the year stemmed from ad hoc activities, not systematic improvements backed by political will at the local level. VSTV statistics from 2011 showed that BiH courts are prosecuting fewer cases of corruption, even though the number of reported offenses is rising; only one out of five people convicted of corruption received a prison sentence. The there were no court verdicts in major corruption cases in 2012.

BiH politicians at every level are often implicated in corrupt activities, but they are very rarely tried or sentenced. RS president Milorad Dodik and former FBIH prime ministers Edhem Bičakčić and Nedžad Branković have all been investigated for abuse of office in the last three years, without result. In 2012, HDZ party president Dragan Čović was acquitted of charges for abuse of the office while he was finance minister of FBIH. Čović was originally sentenced by a the State Court in 2006, but the case was later transferred to the Cantonal Court of Sarajevo; it took two years for institutions to move material evidence from one prosecutor’s office to another, a process in which some of the documents were lost. In instances where low-level politicians or officials have been sentenced for corruption (or other crimes), they have often been pardoned within a few months, sometimes even before the beginning of their sentence.

Without personal connections, it is almost impossible to get hired in BiH’s bloated and inefficient public sector. Accusations of nepotism are frequent, but rarely addressed by the authorities. Acts of petty corruption and bribery, like giving money to public servants in exchange for favors, have become commonplace in the past few years—an issue successive governments have done nothing to address. A 2012 report by the United Nations Office on Drugs and Crime (UNODC) depicts corruption in public institutions and administration as a common practice, noting that only 2.4 percent of respondents who had experienced bribery had reported it, usually because they had benefited or thought no one would care. Respondents polled by the Bulgarian Center for the Study of Democracy and the Sarajevo-based Center for Investigative Reporting noted widespread corruption in law enforcement and governmental bodies and perceived doctors, police officers, and custom officers as the most corrupt professions.

Anecdotal but highly visible evidence of pervasive corruption in the healthcare sector caused a stir in March, when FBIH Health Minister Rusmir Mesihović enabled a famous musician no longer living in Sarajevo to register medical records and get a computed tomography (CT) scan in a single day, all in front of television cameras. Everyday citizens, even the seriously ill, sometimes wait months to get a CT
scan in Sarajevo. When asked for an explanation, Minister Mesihović responded that he and the musician were friends. FBiH Prime Minister Nikšić commented that such favors are standard practice in BiH, and acknowledged that even he had used them.56

Following a 16-month investigation by the CIK, Nikšić himself was acquitted in December 2012 of abuse-of-office charges brought against him and Deputy Prime Minister Jerko Ivanković Lijanović. The investigation concerned the appointment of Nikšić’s brother and Lijanović brother’s brother-in-law to governing positions in the FBiH-owned company Highways of FBiH. The CIK concluded that there was no evidence of Nikšić or Lijanović’s having influenced the appointments. Even if the men had been convicted, they would have faced a maximum financial penalty of KM 5,000.

In pursuit of EU membership, BiH has adopted various international conventions on corruption, but the country’s laws and legal system are not yet fully compliant. In 2009, the BiH Council of Ministers adopted a Strategy for the Fight Against Corruption that is supposed to be implemented by the end of 2014, but according to Transparency International, as of September 2012 only 2 out of 81 planned measures had been implemented in full, 32 in part, and 47 were not in any stage of implementation.57 One explanation is that a key body responsible for the Strategy’s implementation, the Agency for the Prevention of Corruption and Coordination of the Fight Against Corruption, is not yet fully operational, three years after the adoption of a law on its formation. The Parliamentary Assembly appointed a director and two deputies in July 2011—a year later than planned—but the agency did not receive full funding until 2012. The funds ultimately allocated from the state budget included salaries for 29 employees, rather than the originally planned 45, raising questions about the government’s priorities.58

In general, the adoption and implementation of laws intended to reduce corruption have been unsatisfactory. BiH has yet to draft or adopt whistleblower protection legislation at any level; the adoption of a new Law on Public Procurement has likewise been on hold for years. Many adopted laws, meanwhile, do not function as intended, including the Law on Public Procurement, which contradicts other regulations, leading to problems in interpretation. Public tenders lack transparency and accountability, with political interests and personal connections between government and business actors regularly interfering in bidding procedures.59

The Law on Freedom of Access to Information (FOAI) is inadequately implemented at all levels of government, which makes uncovering corruption especially challenging and speaks to a broader transparency deficit among public institutions. FOAI laws differ on the state, FBiH, and RS levels, with only BiH law prescribing sanctions for not providing information. TI reported in September 2012 that after sending out 148 requests for information on public procurement contracts to ministries at the state and entity levels, as well as to departments of the Brčko District government, they received responses from only 43 percent of institutions within 15 days (as prescribed by law), while another 38 percent responded only after urgent follow-up. About 20 percent of the institutions never replied at all.60
Bosnia’s current conflict-of-interest legislation is also ineffectual and incomplete. For example, the RS version of the law says legislators of the RS National Assembly cannot be directors or members of supervisory boards of companies doing business with entity institutions, but it does not address situations when assembly members are those companies’ owners, or when companies do business on another government level. Laws at other levels of governance do not fill this gap, either. In 2012, politicians at the state level tried to pass a more comprehensive conflict-of-interest law, which was adopted in the House of Representatives of the BiH Parliamentary Assembly but rejected by the House of Peoples in July. Even some MPs criticized the new law, saying it might actually have an adverse effect by prescribing weak penalties for breaches of the law and narrowing the circle of family members considered to be relevant in cases of conflict of interest to those actually sharing a household with the public figure under investigation.61

The monitoring of public sector spending has been problematic for years, as auditors face constant political pressure and the institutions they audit routinely reject their findings. Public prosecutors ignore such reports, even when they uncover systematic corruption and illegal practices such as hiring additional staff for jobs that should be done by regular employees, flawed public procurements tenders, or personal use of public resources such as cars or phones.

According to the EC’s October 2012 progress report, BiH is not making a significant progress in fighting organized crime and remains linked to arms and drug trafficking. In September, even former members of the State Investigation and Protection Agency (SIPA) and State Border Police were arrested in connection with a high-profile sting operation targeting organized crime. Police searched a hotel owned by alleged drug lord Naser Kelmendi, but Kelmendi himself escaped in time to avoid arrest. In June, the U.S. State Department placed Kelmendi on a black list, describing him as a foreign narcotics boss. 62

Two important trials against organized crime groups were ongoing in the BiH State Court in 2012. One is a case against two brothers, Hamdua Đačić and Haris Zornić, indicted in 2009 for drug trafficking and money laundering. The other trial, launched in 2011, concerns a network of criminals allegedly led by Zijad Turković. Turković and his purported associates are accused of crimes ranging from drug and weapons trafficking to murder and armed robbery. Seizure of illegally acquired property is slow in BiH, often due to the sluggish judiciary, enabling criminals to hide or sell assets.

**Author: Dino Jahić**

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In deciding to vote for the resolution on Syria, Lagumdzija had the support of only one member of the tripartite state presidency. The move inspired much criticism, especially in RS, which traditionally has very good relations with Russia.

After the agreement, the state level coalition remained almost the same, with SDP, SNSD, two HDZs, the Serb Democratic Party (SDS), and the SBB replacing the SDA.


22. The issue of the unpaid pensions went unresolved in 2012, as neither state authorities nor entity-level ones stepped forward to claim responsibility.


34. CIN, “Government millions for private news outlets in the RS.”


37 Organizations producing in-depth online reporting on conflict-of-interest issues and other topics neglected by traditional media include the Sarajevo-based Center for Investigative Reporting, as well as news sites like Capital.ba or Zurnal.info.


42 In a joint study by the Center for the Study of Democracy (CSD) and Center for Investigative Reporting (CIN), over 41 percent of respondents listed ineffectiveness of the judicial system as one of main factors influencing the spread of corruption in the country, while over a third of them said they felt corruption is extensive among judiciary. See CSD and CIN, *Countering Corruption in Bosnia and Herzegovina: 2001–2011* (Sarajevo: CSD and CIN, 2012) http://www.csd.bg/artShow.php?id=16084.


44 Ibid.


58 Ibid.


