



Organization for Security and Co-operation in Europe

Written Contribution to Session I: Good Governance, business climate and sustainable economic development

Concluding Meeting of the 24th OSCE Economic and Environmental Forum

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Address by the OSCE Mission to Bosnia and Herzegovina, Alexander Chuplygin, Deputy Head of Mission

Thank you for the opportunity to address the concluding meeting of the 24th OSCE Economic and Environmental Forum in the beautiful capital of the Czech Republic.

Corruption presents a comprehensive challenge to economic development in Bosnia and Herzegovina. It threatens the functionality of public and private-sector institutions, wastes public resources, deters foreign investment, and damages citizens' trust in government and the political system. Despite Bosnia and Herzegovina's political figures and agencies increasingly voicing their concerns, there has been limited activity and political will to combat the corruption. There are some innovative and important efforts underway to prosecute cases of corruption and to provide greater transparency, and we are using our voice and our resources to support them. In Sarajevo Canton, the government has set a high standard by revealing the salaries of many public officials, and the cantonal prosecutor is making headway on a comprehensive case of corruption where the management of a public enterprise blocked foreign investment. However, there are not enough examples of that, and clearly existing laws and institutions are not enough.

The OSCE Mission to BiH has considerable potential added value for work in this sector, including: our expertise in rule of law and judicial affairs, our heightened visibility and political leverage; our close support for governments at multiple levels; our regular engagement with various public sector institutions; our expertise with gender issues; and our extensive field office network and consequent local knowledge and working relationships. As in other areas, this last point is particularly relevant to our strengths in complementing the work done by others in the international community.

Our Mission has met with numerous stakeholders, all of which responded positively to the prospect of greater Mission involvement in anti-corruption work, especially at the local level and in the area of trial monitoring. We have heard from various partners and potential donors that significant extra-budgetary funding might be available for anti-corruption projects initiated or run by the Mission.

In addition to emphasizing the need for anti-corruption work with our existing partners such as educators, the media, local and higher-level representative bodies,

and security institutions, there are two particular areas where we are well placed to do more:

Corruption case monitoring: Despite the high number of allegations and investigations concerning corruption in BiH, there are relatively few indictments and still fewer convictions. A low prosecution rate in suspected corruption cases undermines public faith in state agencies. We are prepared to use our existing expertise and practices in trial monitoring to enhance the prosecutorial processes and capacities of BiH authorities. A U.S. Government-funded project (\$450,000) includes a needs assessment for capacity-building activities based on trial monitoring findings.

Good economic governance, transparency and anti-corruption “Beacon Scheme” Project: Most international partners are focusing anti-corruption activities at the entity and state levels, but the Mission has a unique capacity for more **localized engagement**. The Beacon Scheme in Bosnia and Herzegovina was launched in August 2005 by the OSCE and the Council of Europe as a means to identify, recognize, and promote innovation and excellence at the municipal level of government. Based on the UK Beacon Scheme, each year a number of themes are selected, and municipalities are invited to provide evidence of how they have achieved excellence in these areas. Successful municipalities receive a small grant to enable them to share their best practices with other municipalities, thereby improving the overall standard of local governance in Bosnia and Herzegovina. Existing templates and established practices mean that the Scheme could be rapidly implemented. Moreover, it demonstrates positive action to the public at the local level, where citizens most frequently interact with state authorities. Taking advantage of our field office network, the Mission uses our Governance and Press and Public Information teams to replicate and publicize best practices countrywide. These activities go hand in hand with other initiatives, such as, reducing barriers to local economic development, increasing accountability mechanisms and promoting concepts and standards of good governance at the local level.

None of those would be possible without our committed partners throughout Bosnia and Herzegovina and the wider OSCE region. Following the OSCE German chairmanship priorities, in June 2016 we organized and co-hosted with the German Embassy a conference on the **Role of Local Communities in Promoting Economic Development**, in the city of Bijeljina. I am pleased to note that 4 of the participants from the most developed communities in BiH: Tesanj, Teslic and Zepce, as well as the GIZ representative who gathers them under the “Bear Project”, are here with us today and are ready to share their experiences in promoting local economic development.

Thank you.