

SARAJEVO

Court Renders First Verdict for ISIS Links



The state court in Sarajevo convicted four men of financing terrorist activities and recruiting people to fight for the Islamic State in Syria - a first under a new law meant to stop Bosnian nationals from fighting in foreign wars

BiH Court sentenced Husein Erdic to three and a half years in prison for organizing the departure to Syria of Nevad Husidic and Merim Keserovic, while Husidic and Keserovic were jailed for a year for attempting to join the Islamic State. A fourth man, Midhat Trako, was convicted of organizing and financing the departure of Husidic and Keserovic to Istanbul, a stop-off point on the way to Syria, and jailed him for 18 months, Judge Biljana Cukovic told the Court.

The four were arrested in February as Husidic and Keserovic tried to depart for Istanbul from Sarajevo Airport. Cukovic, reading out the verdict, said Erdic had acted in cooperation with unnamed individuals in Turkey. She said the investigators had intercepted his Skype conversations with Husidic and Keserovic which revealed details of recruitment.

Bosnia has taken a tough line on suspected supporters of Islamist militants. Last year, the

state parliament passed a law envisaging jail terms of up to 20 years to curb recruitment and discourage young Bosnians from going to fight abroad. Police estimate around 200 Bosnians, including women and children, have left to join Syria's civil war over the past three years, of whom more than 50 later returned home, while around 30 were killed.

There are currently 17 people on trial for suspected links with militant groups in Syria and Iraq.



Vlado Azinovic, professor: Entire families depart (to join ISIS in Syria), and in most of those cases, there is no law or repressive measure to dissuade those people from what they believe is their mission in life



Adis Arapovic, Centers of Civil Initiatives: The state should work on conditions that will make people want to live here; people need a prospect of future. Then they will feel no need to fill the gaps in life with terrorism adventures



Denis Hadzovic, Center for Security Studies: We all must join the fight against terrorism more vigorously, and convince those young people that it is not their future and a way to influence the developments in our society and globally

BiH CoM Passes Draft Decision to Ratify Border Deal with Montenegro

The Council of Ministers of Bosnia and Herzegovina passed a draft decision on the ratification of the state border agreement between Bosnia and Herzegovina and Montenegro, which will be sent to the BiH Presidency for further ratification procedure

The decision finalizes the procedure of defining the state border between the two countries, which is an important step in the region, said the Information Service of the BiH Council of Ministers.

The Council of Ministers also adopted the Action Plan for implementation of the Reform Agenda on the level of the Council of Ministers, which includes a package of measures that will be imple-

mented by state institutions in 2015 and 2016 on their own or in cooperation with the entities.

More than 50 measures are contained in the Action Plan, which will be implemented in the areas of public finance, taxation and fiscal sustainability, business environment and competitiveness, the rule of law and efficient management and public administration reform, said CoM.

United Response to Refugee Crisis after Luxembourg Meeting

BiH Minister of Foreign Affairs Igor Crnadak pointed out the importance of the first European ministerial gathering on Middle Eastern refugees, with emphasis on the Mediterranean and Western Balkan route. That meeting will be held in Luxembourg on Thursday. In addition to Crnadak, BiH will be represented by Minister of Security Dragan Mektic.

Crnadak expects a united response of Europe to the crisis, and that Europe will confirm its solidarity after Thursday. He added he hopes there will be no tension between countries in the region after the

meeting in Luxembourg, and that there will be more room for joint action to overcome the crisis in the best way possible.

"I expect special attention to be paid to countries that have been under greatest pressure lately, also the transit countries, such as Serbia, Macedonia, which cannot carry the burden they deal with. I find it is good that ministers of Turkey, Lebanon and Jordan will attend the meeting, because those countries received four million migrants," said Crnadak at a press conference in Banja Luka.

Ten Persons Charged with War Crimes Annually on Average

Over the past ten years, the state prosecution has charged 509 persons with war crimes committed in Bosnia and Herzegovina. In the past two and a half years alone, 235 people were indicted.

"The indictees, who are accused of war crimes by the state prosecution, come from all ethnic groups and from entire Bosnia and Herzegovina, and they are charged with crimes committed from 1992 to 1995," reads a state prosecution statement.

The indictments are related to crimes committed against victims of all ethnicities. The state prosecution said those include crimes of genocide, crimes against humanity, war crimes against civilians and prisoners of war. According to the state prosecution's statement, a significant number of indict-

ments refer to cases of sexual violence, rape, and sexual abuse during war.

"An indictment was rejected in only one case, while all the others were confirmed. In our current practice, convictions are handed down in more than 81 percent of cases, which speaks for itself in regard to the quality of the indictments and the professional attitude towards the work on those cases," the state prosecution statement reads.

The prosecution emphasized the need for cooperation with countries in the region, in order to prosecute suspects hiding in neighboring countries. The prosecution also described their cooperation with partner institutions, stating that war crimes suspects were extradited from the United States, Spain, Norway and other countries.

DAILY MARKERS

By Vlastimir Mijovic
Senior Editor

"Historic" Verdict

Yesterday, the BiH Court rendered a judgment that some media immediately called "historic". Four Bosnian nationals were sentenced for taking part in joining the foreign paramilitary formations in Syria and Iraq. It is the first judgment made on the basis of amendments to the Criminal Code which BiH adopted among the first in the world.

The first accused Husein Erdic was sentenced to three and a half years in prison; Midhat Trako was sentenced to a year and a half; Nevad Husidic and Merin Keserovic to one year in prison. Prosecution is satisfied with the verdict.

Erdic, Trako, Keserovic and Husidic were arrested on 18 February this year on suspicion of financing terrorist activities, public incitement to terrorist activities and organizing to join the terrorist group ISIL in Syria. SIPA carried out a major action then, codenamed "Damascus 3".

In this way, BiH practically demonstrated its membership in the global coalition to fight terrorists of the so-called Islamic State. A clear message was sent to individuals that this type of activity will not be tolerated in BiH. It is expected that the law will be consistently applied in future similar cases. Also, a trial is ongoing in BiH Court against Bilal Bosnic, informal leader of the Wahhabi community in BiH, for public recruitment for terrorism, and 12 more persons who are charged with organizing a terrorist group.

According to the latest data of the State Investigation and Protection Agency (SIPA), 23 children and 33 women from Bosnia and Herzegovina are in the Syrian warzone. International Centre for the Study of Radicalization at King's College in London said that as many as 330 citizens of Bosnia and Herzegovina fought in that region in 2014.

Many of them returned to BiH. Are they also being sought, and will they be tried - so far there are no indications.

The Truce

Sheeple can celebrate: it was proven that there is life after Eid

This year's Eid can be considered historical: some day, kids will learn about it in school, and some of them might even say that their grand-grandfather was there in person when history was made; he maybe brought a toothpick to Fahrudin Radoncic or a glass of elderberry juice to Bakir Izetbegovic as the two negotiated a partnership between SDA and SBB at Kibe's restaurant in Sarajevo.

In the short and infamous history of multi-party system in Bosnia, all sorts of combinations were possible. "Partisans" forged coalitions with "Ustasha", Bosniaks rejoiced the election victories of eastern Herzegovina Chetniks, Dragan Covic and Zeljko Komsic shared a goal - true, for about 15 minutes; but, ever since the brotherly tying of nationalistic flags ahead of the 1990 election, no coalition was welcomed so euphorically like the one clinched by the Little Prince and the poor man's Donald Trump.

Newspaper commentators, retired imams and "analysts" are thrilled that a deal was made by two half-brothers-in-interests-turned-mortal-enemies, two men who

know the worst things about each other; it's just that Radoncic shared his knowledge with everybody, while Izetbegovic kept at least half to himself, aware that speaking bad about the former media magnate means speaking bad about his father. Namely, Radoncic's power and wealth is a consequence of nothing but a privileged position and significant support of the SDA and its first president.

Fahrudin Radoncic is a living monument to Bosnia and Herzegovina according to Izetbegovics - a union of three separated communities, in which the Bosniak one is distinct and fully controlled. The difference between them is that the Father and the Son never openly said what Radoncic said and did: he didn't sought readership in Siroki Brijeg or Trebinje - Avaz was defined as a Bosniak media project; Radoncic addressed Bosniaks and spread his influence among them, playing with all sorts of allies according to his interests.

The SDA president Bakir Izetbegovic and a successful businessman Fahrudin Radoncic wouldn't exits without Alija Izetbegovic. Hence, there can be no historical agreement between the two; there can only be smoothing out the family differences over who gets to be the successor. All these years since the death of the first president in BiH Presidency,

the two fought for the position that one of them claims based on the birth certificate, and the other based on his results. The brutality of that fight never had to do anything with essential differences in understanding the politics or vision of BiH, because those differences don't exist.

Izetbegovic and Radoncic weren't reunited by fond memories of the times they enjoyed together, but by interests with postponed outcome. After a short adventure with the Democratic Front, the SDA president didn't have to think hard to figure out that his only choices are bad and worse: a coalition with myriad small parties whose price in ministerial and board positions exceeds the available resources, or peace with Radoncic, who is



By Emir Imamovic
NI

aware that he can be the opposition leader with pale Niksic and disoriented Komsic, and build his position for the next election, it's just he already tried that and achieved nothing - except the SBB's progress from being one of the opposition parties to being the main opposition party.

The fact that they had a nice lunch doesn't mean that Izetbegovic and Radoncic are in love again. They both know that the future could bring an outcome that they don't want. In a minority government or a coalition with countless small parties, the SDA could easily find itself after the next election in a position of depending on somebody else's will, Radoncic's primarily, and he wouldn't miss a torture opportunity. On the other hand, the SBB played the card of having faith that the Bosniaks will pick a favored tycoon over a legitimate son, and lost the game. Also, the experience with cordial relations with other parties that couldn't be materialized wasn't positive (SDP and the DF).

The battle for political inheritance and the title of successor of Alija Izetbegovic enters a new phase: both sides will use the apparent peace for other forms of fight. The SDA will pin the blame for any its decision that could outrage the voters to the SBB, while Radoncic will blame the difficult, criminalized, clientelist SDA (whatever wording is used in Avaz) for the government's certain future failures. Until the hatchet is dug up... And it is highly unlikely it won't be dug up. There is no fight like fight between the closest ones and there is no lasting peace between brothers who stick together only when in trouble.

❖ President of Republika Srpska and SNSD leader Milorad Dodik scheduled a Friday meeting with representatives of the ruling political parties in Republika Srpska and representatives of the RS parties in the state-level ruling coalition. They will discuss the current situation in the RS and Bosnia and Herzegovina. Dodik told reporters in Banja Luka that he invited representatives of SNSD, DNS, SP, SDS, PDP and NDP. They will discuss, he said, political topics that are of general interest.

❖ The president of the High Judicial and Prosecutorial Council of Bosnia and Herzegovina Milan Tegeltija said that the HJPC didn't comment on the announced referendum in the RS on the work of state-level judiciary, but they are concerned about the challenges to the judicial institutions at the state level. "The HJPC is not the Constitutional Court to rule on the legality and constitutionality of the decision of the RS Assembly or the Federation parliaments, or BiH parliament," Tegeltija said, and added that challenges to the institutions that interpret laws cause concern, because that does not strengthen the rule of law.

❖ Within his three-day visit to BiH, the ICTY Chief Prosecutor, Serge Brammertz, met in Mostar with the main prosecutor of the Herzegovina-Neretva Canton Mladen Jurisic. They topic of the meeting was the transfer of war crimes cases from the state level to the entity and cantonal level. Commenting on the situation in the BiH judiciary in relation to war crimes, the ICTY Chief Prosecutor said that it is far from ideal.

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Gender Equality as the Base for Good Policies

To encourage parliamentarians' advocacy for gender responsive policy making, UN Women has supported the organization of a multi-country exchange visit for delegations of Members of Parliament from Albania, Bosnia and Herzegovina, Macedonia and Moldova to Stockholm, Sweden

The aim of the exchange visit was to learn more about the gender related work and structures of the Swedish parliament as well as the innovative practices and experiences of government institutions in advancing the gender equality and women's rights agenda. The delegation from BiH consisted of three participants: Mirsad Isakovic, Parliamentary assembly of BiH, Zeljka Stojicic, Assembly of Republika Srpska, and Azra Hadziahmetovic, Parliamentary assembly of Federation BiH.

In 2013, UN Women launched the 3-year regional project on Promoting Gender Responsive Policies in South East Europe and Republic of Moldova financed by Austrian Development Agency and Swiss Agency Development and Cooperation. National plans and budgets are where governments begin to translate commitments to women into practical steps to achieve gender equality. Too often plans and budgets are inadequately funded and fail to monitor public services to ensure that they respond to women's needs and priorities. Implementing commitments to gender equality requires innovative public policy tools like gender-responsive budgeting, which comprehensively assesses gender gaps and identifies actions to close them. Over the past years, UN Women has provided support to national and local stakeholders in strengthening democratic governance and advancing women's rights through initiatives aimed at mainstreaming gender in policy planning and budgeting.

UN Women provides support to Bosnia and Herzegovina's introduction of gender-responsive budgeting through a UN Women regional program to help central and local

governments implement their gender equality commitments by fully integrating gender-responsive budgeting into national and local planning and budgeting systems.

In Bosnia and Herzegovina, the project supports government at the state and entity levels to implement key national laws (in



The visit to Sweden has extended the knowledge of the participants about the long process to go from the policies to the reality

particular the Gender Equality Law) and to fulfill their commitments to women's empowerment and gender equality as formulated in the Country Development Strategy for BiH (2009-2014) and BiH Gender Action Plan (GAP 2013-2017). The project also responds to the demand of the government and donors for introduction of gender equality principles into official budget planning using the public finance reforms and shift towards program-based budgeting as an entry point. At the entity level, the project supports the implementation of the Action Plan for Introduction of GRB in the Pilot Institutions in Federation of BiH and the Republika Srpska Strategic Plan for Rural Development (2009-2015), in particular, the RS Action Plan for the advancement of Rural Women (2009-2015).

For years Sweden has been known for some of the most innovative reforms and institutional practices when it comes to gender equality and gender mainstreaming in policies and budgets.

During the visit, the Members of Parliament had the overview of Sweden's gender equality policy and the political strategies of the Government through presentation of the current policies, institutional structures. They were informed about the unique Parliament structures in Sweden (e.g. MPs male network for gender equality, GE Committees, Parliament Speaker's reference Group for gender equality) and internal policies of the Parliament for promoting gender equality. The outstanding results with the reducing gender gaps and inequalities (e.g. global gender gap rankings, recent reform on parental leave, elderly care and taxation, effective gender mainstreaming system) left a strong impression on the visiting MPs.

Azra Hadziahmetovic from the Federation's parliament said: "It is very interesting to see how in Sweden they now shape all their policies through gender prism. Gender equality is a process that takes years but once achieved, it presents a platform for sustainable development, good national planning and the environment for everyone to enjoy."

From previous UN Women work, it has been learned that exposure to good practices enables the parliamentarians from the region to effectively learn about the opportunities, challenges and methods for advancing of gender equality, to get inspired by the impact gender equality policies can have on an entire society and to take back innovative practices which they can replicate in their own Parliaments and countries. Zeljka Stojicic from the Republika Srpska Assembly said: "I found this visit very inspiring. However, we see that the gender gap still exists even when the policies are in place. Gender mainstreaming is a process that needs constant innovations and that is where we need to focus now."

The visit to Sweden has extended the knowledge of the participants about the long process to go from the policies to the reality.

British Diplomat Visits SIPA

The Officer for Financial Crime at the Embassy of Great Britain in Vienna Garry Lisle visited the State Investigation and Protection Agency SIPA where he talked with Deputy Director Djuro Knezevic. SIPA Deputy Director informed the representative of the British Embassy about the most significant aspects of the work of SIPA, its jurisdic-

tion and the role it has in the security system in BiH in the context of the fight against different forms of financial crime. Lisle said that Great Britain is open for any kind of cooperation in the fields of mutual interest and expressed readiness for providing support to the work of SIPA and strengthening its capacities via different projects.

Republika Srpska Blocs Prepare for Assembly Duel



The political scene in Republika Srpska is tensing up as two opposing blocs prepare for a showdown in the assembly that will reveal which of the two has the upper hand, reports BIRN

Accusations and allegations are flying around Republika Srpska as the two main political blocs shape up for a potentially decisive duel in the entity assembly. The struggle, which has been steadily escalating, will test which of the two blocs now controls the almost evenly divided assembly ahead of the 2016 local elections. A Bosnian Serb official told BIRN that a showdown was on the cards at the extraordinary session of the assembly expected to be called in coming weeks. The setting for this clash has been in place since the 2014 general elections, when the ruling bloc led by the Milorad Dodik's Alliance of Independent Democrats, SNSD, narrowly maintained control over the entity government.

The opposition bloc, led by the Serb Democratic Party, SDS, joined Bosniak and Croat parties meanwhile in establishing a government at the state level.

This political imbalance has been creating tensions ever since. For months the opposition has been attempting to topple the entity government and establish a new ruling coalition while the ruling bloc has been trying to replace the opposition in the coalition at state level.

Over the weekend, the ruling SNSD accused the opposition of betraying Serbian interests in state institutions and pledged to hold an extraordinary assembly session to assess their work. The opposition responded in the kind, calling the ruling bloc corrupt and ineffective, and demanding that the assembly assess the Republika Srpska government's own work and corruption scandals.

Experts say the spats are largely aimed at distracting the public as well as politically positioning the two blocs ahead of the 2016 local elections.

"There is nothing constructive taking place in the RS besides screaming and

spitting between political opponents," Banja Luka-based blogger and analyst Srdjan Puhalo told BIRN.

"These kinds of political clashes... draw attention away from important questions which citizens are facing," local expert Tanja Topic said. "We have already entered the campaign for the upcoming local elections and it's obvious in how it will play out: who is the bigger patriot and who is a good or bad Serb - not about questions that are crucial for local communities," she added.

Few people in the Republika Srpska seem that interested in the developing political drama.

"I do not trust either of the two blocks," Mirjana, 74, a pensioner from Prijedor said. "They can get into a fist fight for all I care. I only care about getting my pension on time and not having it delayed for 10 or 15 days, like some others have experienced," she added.

SDA Sticks with the RS Opposition Alliance for Changes

Leadership of the Party of Democratic Action, SDA, discussed in a meeting the current political situation. The meeting was held after the SDA leader Bakir Izetbegovic met with leaders of SDS and PDP, Mladen Botic and Mladen

Ivanic. Izetbegovic said that they talked about the current political situation, potential changes in the state-level ruling coalition, excise tax, the agreement of the Islamic Community with the state, the issue of the Bosnian language

in RS schools etc.

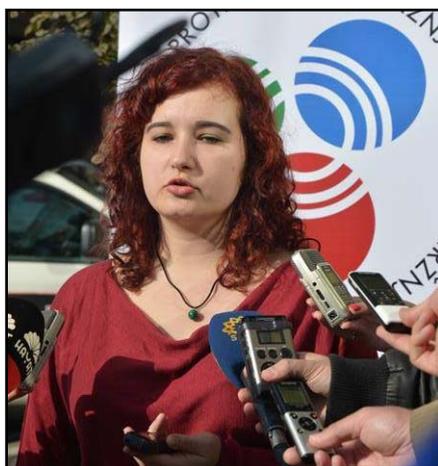
Izetbegovic confirmed that the SDA remains committed to the Alliance for Changes.

"I can confirm that the Alliance for Changes remains a partner of the SDA at state level," Izetbegovic said.

Anti-Hate Coalition of CSOs Urges Legislation Changes

A coalition of ten civil society organizations for the fight against hate speech and hate crimes said that the Federation needs adequate legislation on hate crimes and called on the entity institutions to consistently implement anti-hate laws

The Coalition organized a press conference in front of the Federation's Ministry of Justice in Sarajevo to highlight the need for amendments to the Criminal Code of FBiH, for the purpose of adequate regulation and sanctions for criminal offenses motivated by hate. Director of the Association for Democratic Initiatives (ADI) Snjezana Ivandic-Ninkovic said hate crime is a specific form of crime that is motivated by prejudice and that is closely associated with hate speech; unfortunately, a small number of hate crimes are sanctioned. She said that there was increased presence of criminal offenses motivated by hatred since 2011, adding that the victims of such crimes are usually returnees and members of minority groups. A program coordinator of the Sarajevo Open Center, Vladana Vasic, said that all members of the coalition document the cases of hate crimes against different minority groups. "Victims usually report the attacks online, or via e-mail, and rarely decide to proceed, because they fear the conse-



Vladana Vasic

quences," said Vasic, adding that those people are usually in a difficult situation and they initially contact NGOs, and only then take further action to protect their rights. Vasic said that hate speech is usually found on the internet in the form of comments on news websites or on Facebook, where users have some level of anonymity, which is only made worse by the fact

that there is no appropriate regulation for penalizing such incidents. The coalition will send a letter to the FBiH Minister of Justice Mato Jozic to have a meeting in order to discuss amendments to the Criminal Code of FBiH for appropriate regulation of the hate motivated crimes. Brcko District and Republika Srpska passed such amendments in 2010.

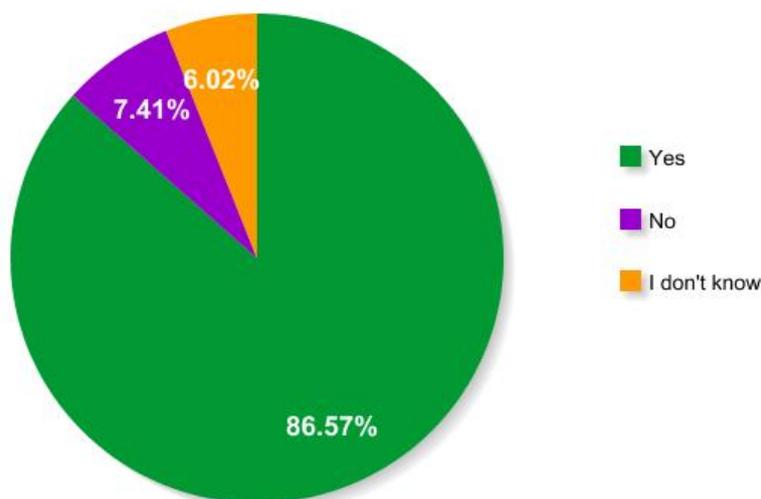
Sarajevo Municipality Response to Playground Death of a 12-Year-Old Sparks Outrage



Funeral of the boy killed at Dobrinja playground

Sarajevo's Novi Grad municipality authorities denied any responsibility in the death of a 12-year-old boy who was killed in an accident at a local public playground a few days ago, sparking outrage on social networks and in the media. The boy was killed by a 70-kilo football goal construction that fell on him. The municipality said it wasn't in charge of the playground maintenance, although it repaired the football pitch last year and advertised it as safety improvement. A group of local citizens lambasted the Novi Grad authorities and announced a protest rally at the playground. Hundreds joined the Facebook event that says the protest will be held this Sunday at the playground in Dobrinja district.

Should Novi Grad municipality acknowledge responsibility for the death of boy at Dobrinja playground?



Source: Radio Sarajevo

Some 500 Exhibitors from 25 Countries Attend ZEPS

Rusmir Hrvic, director of Sarajevo's food industry Klas, a member of AS Group, officially opened in Zenica on Tuesday the 22nd General BiH Fair ZEPS and 12th ZEPS International Metal Fair, gathering some 500 exhibitors from 25 countries

"I am coming from a company that merges food, textile and trade. AS Group is manufacturing 1,000 various products and employs some 3,000 people with a constant growth tendency. The group exports its products to 27 countries," Hrvic said.

He stressed that private companies should create new value, operate positively and make profit.

"ZEPS is a great opportunity for us to present, introduce and share our achievements with other firms in the country and region," he added.

Hrvic also underscored that it is very important to support local production.

"Through buying and using local products, we all have a bigger chance for success," the Klas director said.

"I call on both local and foreign investors to invest in BiH because success can be achieved here. ZEPS, as the largest BiH fair, is the right place for them to see potentials of BiH economy," he noted.

Prime Minister of Zenica-Doboj Canton Miralem Galijasevic stressed that the City of Zenica and this canton have proved as an environment where business potentials, as well as natural resources are fully directed to strengthening of business sector.

"Cantonal government has been making efforts to create an attracting ambient for entrepreneurship development, which is witnessed by the presence of enterprises such as Arcelor Mittal, Natron Hayat, Prevent, Cementara Kakanj, Mann+ Hummel, Hifa Group, AS Group, Madi and Alma Ras," Galijasevic said.

He added he was happy to see a great number of local production companies featuring at the fairs. Head of the Foreign Trade Chamber of BiH Bruno Bojic said numerous contracts have been signed thanks to ZEPS.

"BiH economy is recording a positive trend in export-import ratio, despite problems," he added.

The opening ceremony was also attended by Federation BiH Prime Minister Fadil Novalic.

Swisslion Announces New Food Factory in Trebinje

CEO of Swisslion Takovo Concern Rodoljub Draskovic has announced that production lines in the newly-constructed food industry factory Trebinje 2 will be launched in the following days, with 350 people to be hired in first phase of the investment. Draskovic told reporters in Trebinje that assembling of three lines is currently underway, with one of them to be put into operation this week. He added that trial production of baby food line is to kick off on November 1, while cacao bean processing line should start operations by the end of the year. Besides producing baby food and cacao bean processing, the new factory will also have a sweet food-product line. The value of construction works on Trebinje 2, without installed equipment, was some 4.5 million KM. The concern so far invested up to 100 million KM in production facilities in Herzegovina. Trebinje 2 factory, covering 14,800 square meters, will be the largest production facility in BiH food industry. Speaking on future plans, Draskovic announced launching of organic food production in Trebinje. He also stressed that an engineering center is being constructed in this city for staff training, which will be, as he said, the strongest school in Southeast Europe. Draskovic also announced the concern will continue to expand production in Nevesinje and launch new projects in Gacko, Ljubinje and Bileca.

Growth Forecast Lowered to 2% in 2015, 3% in 2016

The International Monetary Fund said it has lowered its economic growth forecast for Bosnia and Herzegovina to 2% for this year and to 3% for 2016. In April, the IMF said it sees BiH's economy expanding by 2.3% and by 3.1% in 2015 and 2016, respectively, following a gross domestic product (GDP) growth

of 1.1% in 2014. The forecast for Bosnia's average annual inflation has been decreased by 0.1 percentage points to 0.5% in 2015, while remaining unchanged for 2016 at 1.1%, the IMF said in the October edition of its World Economic Outlook report. Bosnia suffered a deflation of 0.5% in 2014.

Agramnekretnine Places 2 Million Euro Bond

Real estate management company Agramnekretnine said on Tuesday it has placed 4 million KM in five-year bonds on the Sarajevo Stock Exchange. The company said in a statement it sold a total of 400,000 bonds with a par value of 10 KM and an annual interest rate of 6%. The relevant auction process took place between September 1 and

September 10. Agramnekretnine said earlier the raised debt should help it diversify its financing sources and will provide a basis for the long-term funding of business activities. Agramnekretnine's largest shareholder is insurance company Euroherc Osiguranje with a 19.8% stake, followed by peer Jadransko Osiguranje with 19.7%.

New Power Plant on Ground Zero Project



While the dust is still settling on news that millions were wasted on a failed collaboration with Czechs in Gacko, the Republika Srpska government announces a new power project involving a Chinese firm

It seemed like a good idea when 10 years ago a state-of-the-art Balkan energy facility was announced in Gacko. Representatives of the Republika Srpska Power Utility and the Czech Power Company in this Herzegovina town decided to open a new power plant, refurbish the existing one and start a new open pit for mining coal. New Power Plants of RS (NERS) was incorporated to produce and sell electrical energy to handle the project. A decade later, however, the only trace of this venture are expense reports, the Center for Investigative Reporting in Sarajevo has discovered. At least 13 million KM was spent for litigation costs and business dealings involving NERS. The company has gone into bankruptcy and has never done any of the work for which it was incorporated.

Those bankruptcy proceedings are ongoing and there's no final tally of the costs, but the RS government is again announcing plans to build a power plant in Gacko, this time in partnership with the Chinese firm Dongfang Electric Corporation.

New Beginning for Old Businesses

Three decades ago became fully operational the state owned power plant Gacko I, along

By the Center for Investigative Reporting

with Lignite Mine of Gracanica. Privatization in 2005 using government-issued vouchers led to the incorporation of the Joint Stock Company Mine and Power Plant (RITE) Gacko. The RS government kept a majority share of 65 percent, while small shareholders held the rest. A year later, the company continued to work under the umbrella of the government-owned RS Power Utility (ERS). During the construction of Gacko I power plant some infrastructure was laid down for Gacko II. The RS government decided to build that second plant in partnership with a Czech-owned power utility company CEZ in 2006. It was to be completed by 2013 while the first power plant would be modernized. That was to have extended its service life, while plans also called for a new open pit in Gracanica mine to keep it stocked with coal. Partners estimated the value of the investment at around 2.7 billion KM.

The idea then was to set up a joint company to lead the project. ERS was going to invest all RITE Gacko assets, while ÈEZ would deposit money that would give it a majority share in the new company. The rest of the

money would come from loans.

In December 2006, a new joint company NERS was incorporated with 800,000 KM of capital. CEZ received 51 percent ownership, the RS government the rest. There was one hitch - the small shareholders of RITE Gacko had to give their consent.

The agenda for the May 14, 2007 Shareholders' Assembly called for discussion of an Implementation Agreement among ÈEZ, ERS and RITE Gacko that spelled out how the project would work along with estimates of the appraised value of RITE Gacko shares in assets and rights in NERS Gacko. According to the records CIN has obtained, the small shareholders, did not receive information about the implementation agreement before the Assembly, which would have been the usual procedure. Instead they got more than 100 pages of paperwork on the eve of the Assembly with scant time to prepare. They decided not to rock the boat - it seemed that the RS government and the ERS management had a sound plan - and without a complete understanding, the small shareholders abstained from voting. The plan was adopted.

ÈEZ representatives Martin Roman and Vladimir Schmalz signed an Implementation Agreement with the ERS general man-

ager Pantelija Dakia and RITE Gacko general manager Vlastimir Savicic with a nod from the RS government headed by Milorad Dodik. This agreement outlined that ERS would invest as capital the assets of RITE Gacko. All real property, facilities and equipment, long-term investments, advances and obligations that RITE Gacko had as of the last day of 2007, went to NERS's. Deloitte, a Belgrade firm, appraised the incorporation investment at slightly less than 339 million KM as of Dec. 31, 2006.

The agreement also stipulated that CEZ needed to match the government's investment with capital in cash. There was no fixed amount, just an accord the amount had to be sufficient to let the Czech company keep its majority ownership.

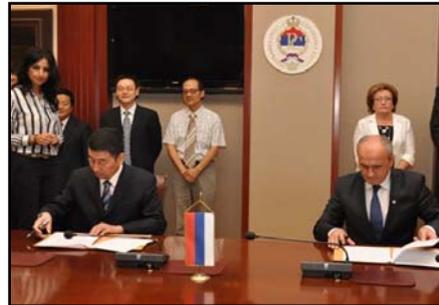
The money transfer to NERS was a condition for continuation of all other activity including the transfer of permits, concessions and licenses that RITE Gacko had obtained or was about to get. More than 1,500 workers from RITE Gacko would become NERS employees. Without assets and workers RITE Gacko was not supposed to wind down, but was to continue as a financial holding.

The agreement stipulated that in case RITE Gacko failed to transfer its assets to NERS, the ERS was to buy out CEZ's share in the joint-stock company, and if there was litigation it would be decided by an arbiter at Vienna International Chamber of Commerce.

Court and Other Cases

The small shareholders were not happy about this, especially representatives of the closed investment funds: Euroinvestment Fond; Zepter Fond; BLB Profit and VB Fond. In mid-August 2007, they took RITE Gacko and ERS to court - the Basic Court in Trebinje. They asked that the decision reached at the assembly be voided. In their lawsuit they said that they neither received the material for the assembly session in time and that they never saw all material related to the project. They also said that the proposed RITE Gacko investment in NERS had been undervalued, as the company's market value at the time was 930.9 million KM or 2.7 times more than what was appraised. They also offered an alternative lawsuit: if the decisions from the Assembly session were not voided, they asked ERS and RITE to buy out their shares for more than 113.6 million KM. One of the funds' legal representatives Miljenko Pucar said

that they never seriously considered giving up ownership of RITE Gacko. "We have set this request in order to bring it to a much higher level with a lot of money because this was an enormous property of the funds," said Pucar. In a response to the lawsuit, the companies' officials said that the small shareholders could have simply checked all the paperwork at the RITE



Republika Srpska minister of industry, energy and mining, Petar Djokic, and Zhiqiao Han, vice president of a Chinese-owned Dongfang Electric Corporation, signed a memorandum about cooperation on the construction of Gacko II power plant

Gacko's headquarters and that no one voted against the signed Implementation Agreement.

A trial lasted seven years. This or that ruling would be handed down followed by an appeal, while the case bounced from one court to another. It ended up in September 2014 at the County Court in Trebinje. The decisions of the Shareholder Assembly remained in force, and the small shareholders gave up on the alternative lawsuit. The parties agreed to each pay 63,250 KM in court expenses.

"In reality we succeeded," said Pucar, pleased that the case stopped the transfer of RITE Gacko assets to NERS.

At the end of May 2009, CEZ initiated an arbitration case in Vienna against RITE Gacko, ERS and the RS government without awaiting the ruling in the case launched by small shareholders. ÈEZ asked for compensation of nearly 115.4 million KM.

In August 2014, the arbitration ruling came out at the same time as the court ruling. No details of it have been published. Arbitration rulings are not public documents and CEZ and ERS did not want to talk with CIN reporters the deal. The ERS wrote to CIN that CEZ would not get any of the money won in its lawsuit because the arbitration established that "it did not suffer any harm when the Implementation Agreement was halted." CIN found that both ERS and RITE Gacko paid a price. RITE Gacko was harmed for 2.4 million KM which it had to pay ÈEZ in terms of compensation and

default interest rates according to an independent auditor's report on the company's 2014 financial statements. Court documents show that ERS had to pay around 4 million KM to buy out CEZ's ownership stake in NERS, but this brought it no value.

NERS Goes into Bankruptcy

According to incorporation documents, during eight years while the company was in joint-stock ownership of the ERS and CEZ, NERS's incorporation capital grew to 7.8 million KM. However, the money was spent on salaries, fees, taxes and paperwork for the project. At the end of last year, NERS property amounted to 846,856 KM, but this was not cash that ERS could dispose of.

In March, the ERS started winding up NERS before the Commercial Court of Trebinje. Even though the company has never had a chance to produce and sell electricity, it had unpaid taxes and contributions which with accumulated interest reached 50,000 KM. Considering that NERS had no assets to cover the costs of winding up, its owners filed for bankruptcy in June.

Meanwhile, power plant Gacko I is coming to the end of its service life. It's producing one third of the electricity in Republika Srpska. It's been designed to work 200,000 hours, so it is expected to end its operation in 2026. This is why authorities have again started talking about building Gacko II. This time a Chinese-owned Dongfang Electric Corporation is mentioned as a possible constructor. The company's vice president Zhiqiao Han and the RS minister of industry, energy and mining, Petar Djokic, signed a memorandum about cooperation in the beginning of last month.

"There's a readiness of the Chinese side to provide funds for the realization of this project on the basis of a loan under the terms which are very much acceptable for the RS Power Utility as the main player," said Minister Djokic.

The ministry officials announced that conditions of financing will be the most important component of the project.

Dongfang is already building a power plant in Stanari owned by EFT Mine and Power Plant Stanari. The Chinese Development Bank has approved a loan for Stanari Plant and EFT has pledged the Stanari firm and concession rights to coal, water and power plant. The power plant in Stanari is scheduled to enter the test phase at the end of this year before it becomes fully operational.

TWENTY YEARS ON FROM DAYTON (II)



The True Roots of Social Unrest

Bosnia and Herzegovina is a paralyzed state. Can a way out be found by leaving behind the Dayton Peace Accord?

By Mirela Zarichinova
Open democracy

There are four court systems in the country: one on state level, one each in the two entities and the separate court system of Brcko District. Each of the two entities has its own Constitutional and Supreme courts. The same complexity applies to the legal acts in the country which results in huge legal discrepancies and makes the system too confusing even for experts working inside of it.

The "Others"

The Dayton Constitution makes a distinction between two categories of citizens: the so-called "Constituent Peoples" (Bosniaks, Croats and Serbs) and the "Others". Bosnia is ruled by a collective Presidency of three members, composed of a Bosniak and a Croat from the Federation and a Serb from Republika Srpska. The chairmanship rotates every eight months. The same goes for the House of Peoples, which consists of five Bosniaks and five Croats from the Federation and five Serbs from Republika Srpska. This means that Jews, Roma, other national minorities, people who come from mixed marriages or just refuse to declare affiliation with one of the three ethnic groups cannot run as candidates for the two highest state organs, as well as for many other public posts.

In Bosnia, collective rights are much bet-

ter protected than the individual ones. A person does not exist as an individual and cannot rely on the system if he or she is not a member of one of the three ethnic groups, says Dennis Gratz, the former chairman of Nasa Stranka (a political party which is multi-ethnic and a striking exception of the general rule). A person is not provided social benefits or any assistance from the state outside their entity or even canton, adds Gratz. Mirsada, a 27-year-old woman from Tuzla, illustrates the problem: "My health insurance is not valid in Sarajevo. So, after I came here to live, I had to choose between traveling to Tuzla every time I have a problem or to pay for insurance. I could not afford both and basically every time I get sick I try to take care of it myself".

Could Dayton Be Changed?

Clearly, such discrimination is unacceptable for a modern state, especially one that has expressed plans to join the EU. "Changing of the Constitution is a very delicate matter, mainly because the authorities of Republika Srpska see it as the guarantee for the existence of the entity," says Natasa Kovacev, a Serbian

journalist based in Sarajevo. She does not see the possibility of it happening soon as feasible. There are arguments supporting her opinion.

In the famous "Sejdic and Finci" case, two Bosnian citizens of Roma and of Jewish origin, challenged the Dayton Constitution at the highest European level - the European Court of Human Rights. In 2009 the Court confirmed that the two were discriminated against and ascertained that BiH had to change its Constitution in a way that the "Others" could also run for high political posts. This was a crucial decision because its implementation would mean a complete change of the Constitutional order in the country.

Essentially, it is not so much about Romani and Jewish people but about destructing the vicious model of segregation in all aspects of Bosnian political life through including the "Others" and thus decreasing the importance of ethnic belonging. The decision was never implemented.

Due to the incredible educational, legal and political complexities not only is the system hard to understand but it is slow, inefficient and, most of all, corrupt.

"If something is flourishing in Bosnia today, this is corruption and clientelism", says Lana, a student of political science in Sarajevo.

For many the current system means

property qualification and obstruction of their right to free movement. Locals criticize the government for being more interested in their property gains than in any social problem. Most striking, however, is the social contrast - the salaries of Bosnian MPs are more than six times higher than the average one in the country, making them the best paid in Europe. This provokes strong social discontent. For example, one of the most viral pictures of Pope Francis' visit to the Bosnian capital in June was the one comparing the modest car he was using to the super-luxurious ones of the government officials welcoming him.

While Bosnia sleeps, in Dayton the weather is incredibly hot, the air is not moving, the wide sidewalks are empty and there is no one around. Dayton looks sad and lonely today, only cars and a few trolley buses pass us by. These trolleys are just as empty as the streets and look quite unusual for an American town. They make me remember the overcrowded trolleys passing from the remote Dobrinja neighborhood to the centre of Sarajevo. Last winter sometimes city transport would stop in the capital of Bosnia because of unpaid bills and people would have to walk home.

The Presidency Is Set Alight

The trolleys in Sarajevo also had to stop in early 2014 when people's despair and anger exploded into fierce protests and thousands demanded immediate changes in the social politics of Bosnia and the country's main cities again witnessed violent scenes. Demonstrators in Sarajevo, Tuzla and other big towns attacked buildings, threw eggs and stones, broke windows and even set fire to a section of the Presidency building. In Bosnia one in five people lives below the poverty line and youth unemployment is almost 60%. Lana directly points out at the Dayton Agreement as the true roots of this social unrest, saying that "This system has made impossible any economic progress, our country is in fact a neocolonial state. It is here not to help the citizens but only to serve the interests of the Westerners and of our corrupted politicians".

Despite being an active participant in the protests, she does not believe they changed anything.

According to Federico Sicurella, screenwriter of the documentary "Sarajevo Revolution" and an academic researcher focused on the Balkans, the majority of the citizens of Bosnia-Herzegovina have implicitly ratified the



According to Federico Sicurella, the majority of citizens have implicitly ratified the status quo by keeping in power the political parties that have most profited from the system's faults and loopholes

status quo by keeping the political parties that have most profited from the system's numerous faults and loopholes in power. He points to the blogger Jessie Hronesova who convincingly argues that this electoral behavior is in fact highly rational and pragmatic. Jobs and the entire civil service are attached to party allegiance, which means that voting for a non-established party could significantly undermine one's chance to get or maintain a job.

The way out of this vicious circle would be to create new economic opportunities, to make the people less dependent on the state structure and therefore more inclined to challenge the establishment. This, however, is not in the interest of the established political parties.

"Twenty years on from the end of the war, Bosnia is yet to come to terms with its past. There is a strong argument that advancement towards the EU would provide firmer foundations for the process of reconciliation", says a Western diplomat in the Balkans who asked that his identity not be disclosed due to the nature of his work. In his view, whilst the prospect of EU membership remains distant, the incentives for reform will also remain weak.

Parallel Actors

Lana is not the only one in her opinion against foreign intrusion. On the streets of Sarajevo you hear a lot of EU skepticism and a general negative attitude towards any foreign interference -

American and western European NGOs, charity organizations from the Gulf countries and so on. In the presence of an almost non-existing state, therefore, it is no surprise that parallel actors take over the empty space. For example, Sarajevo previously lacked a convenient public library, one was recently opened with the money provided by the state of Qatar. It combines all the necessary features of a good library - it is clean, spacious, silent, air-conditioned but comes with certain demands. For example, women are not allowed to wear pants and skirts above the knees or to show their shoulders. As long as this is the only option to study in a calm environment, then women follow these rules.

Ever since the war there has been the concern that Islamist militant groups will use Bosnia to spread Islamist ideas and recruit fighters - a concern that is recently gaining traction with the rise of ISIS in Syria and Iraq. Kovacev gives the example of Zvornik where a man attacked a police station shouting "Allahu Akbar" in April this year, one policeman was killed and two more were wounded. In her opinion, however, media sensationalism plays a great role around this topic due to the current situation in the Middle East.

The journalist believes that the actual threat is the damage such sensational reporting could bring to smaller mixed communities. It risks raising tensions between different ethnic and religious groups which have already suffered a lot and are only now slowly rebuilding trust and cooperation. This threat of new interethnic tensions is what keeps the country inside its paradoxical state and paralyzes any attempt for radical change and it is a card played by all actors involved.

As for Dayton, it seems too hot, unfriendly and lifeless. The waitress is maybe right - there is nothing interesting here. So, we decide to spend the night somewhere else. As we try to find our way out of it, we see a huge sign on the road: "Dayton. Exit only."

It's not just us trying to find a better place to stay. Bosnia's way out of its dead end is clearly through leaving the Dayton system behind. Whether it is too soon or too late for the little Balkan country to start an independent life is something we don't yet know.

WEATHER OUTLOOK



Sarajevo

Today: Rain. High 18C.
Tonight: Low 16C.
Thursday: Rain. Close to 16C.

Banja Luka

Today: Rain. High 17C.
Tonight: Low 16C.
Thursday: Light rain. Close to 17C.

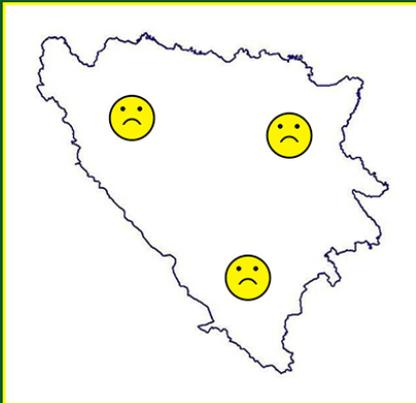
Tuzla

Today: Light rain. High 16C.
Tonight: Low 14C.
Thursday: Rain. Close to 14C.

Mostar

Today: Rain. High 19C.
Tonight: Low 17C.
Thursday: Chance of rain. Close to 20C.

BIO METEO



Air pollution in Sarajevo
MODERATE



GLOBE IN PICTURES



Girls kayak along a flooded street in the beach community of Sullivan's Island as freak rain storms drenched the region over the past three days in South Carolina



Deforested land in Mato Grosso state in western Brazil is prepared for the planting of soybeans



A man holds a baby as refugees arrive at the Greek island of Lesbos after crossing the Aegean sea from Turkey



One of Air Frances' senior executives had their shirts ripped off their backs after being cornered by a furious mob protesting against job cuts at the airline



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