

High Representative Enacts Legislation to Tackle Corruption in BiH Electricity Sector

The Special Auditor's report into Elektroprivreda HZHB Mostar shows that "the ordinary citizens and small businesses of Herzegovina who paid their electricity bills were in fact providing free electricity and kick-backs to the HDZ's privileged elite," High Representative Paddy Ashdown told journalists today. "This privileged elite got illegal hook-ups and free electricity. They received donations and contracts. When they didn't pay their bills, nobody came to make them pay," the High Representative said.

The High Representative was speaking at a press conference, where he was joined by OSCE Head of Mission Robert Beecroft, Head of the EC Delegation in BiH Michael Humphreys, US Ambassador Clifford Bond and PDHR Donald Hays.

In view of the wrongdoing which has been uncovered in the Special Auditors' reports into the BiH electricity sector, the High Representative announced today that he has enacted several pieces of legislation designed to tackle corruption in public utilities.

- Laws on Donations in both Entities. This legislation will only allow public companies to give money out of profits, and only then when: (a) they are for the cultural, sport, social welfare or humanitarian purposes; (b) the management board and the appropriate minister has unanimously approved the decision; and (c) the donation is published in the official gazette for a

certain period prior to the gift, to ensure transparency.

- Amendments on Deregistration of Companies. This legislation will allow companies such as Elektroprivreda to go through their books and unilaterally remove non-paying customers known to be fictitious. Currently, the law requires the firm to agree – which makes it legally almost impossible to remove firms who do not exist.

The High Representative said that, according to the Special Auditor's report, Elektroprivreda Mostar had lost KM 50 million in potential earnings in 2001.

"If we are to restore public confidence in Elektroprivreda Mostar, restore the confidence of all those honest citizens and businesses in Herzegovina who paid their bills regularly, action has to be taken," the High Representatives said. He welcomed the decision by Elektroprivreda Mostar General Manager Matan Zaric to resign. "He was in charge of the company when this audit was done, and I respect his decision to take responsibility for what they found," he said.

The High Representative said he had asked the Federation Prime minister Mr Hadzipasic:

- To dismiss the current management board and appoint a new board, free from political influence and according to the new laws.
- To appoint an interim manager, whose tasks will include coming up with a schedule of payments for all customers owing more than KM 10,000.
- To prohibit all new tenders and construction projects, including in particular Mostarsko Blato, until the new boards are in place and have reviewed all commitments in the light of proper procedures.
- To set up a law-enforcement taskforce to investigate suspect criminal activity, and suspend individuals who may be implicated.

- To ask the Election Commission to investigate potential violations of political-party financing rules.

The High Representative noted that “criminal guilt in this affair is a matter for the domestic law enforcement agencies to investigate, and for the courts to judge. The law must take its course, and those found guilty must pay the penalty.”

He concluded by addressing the HDZ’s role directly. He said that “ if the HDZ is to retain a shred of moral credibility, it must now turn its back on its past, sever its links with Elektroprivreda Mostar, and pay its bills. Political parties should serve their public, not steal from them.”