

High Representative removes further obstacles to private sector development

On 22 May, the High Representative, Wolfgang Petritsch, took two measures to advance economic reform. First, he removed Mr. Stiepo Andrijic, President of the Management Board of the Federation Privatization Agency. And second, he issued a Decision amending the banking laws in each of the Entities.

As the High Representative has repeatedly pointed out, a successful privatization process is key to economic reform in BiH. Economic reform, which even now is being discussed in Brussels by the Peace Implementation Council, is one of the High Representative's central strategic priorities for the coming period.

Mr Andrijic, unfortunately, has persistently and seriously obstructed the privatization process in the Federation. The High Representative therefore had no choice but to remove him from office.

In particular, Mr Andrijic delayed the adoption of tender regulations of the proper international standards, which led to unsatisfactory tender results and obvious lack of transparency.

He also insisted, contrary to all advice, on an unnecessarily early deadline of February 29 for the publication of tenders – which led to enterprises being tendered without any of the necessary preparation.

Mr Andrijic also prevented the implementation of the Federation Government's agreements with the International Community. As a result of these actions, the Federation Government was compelled to suspend the all-important tender

process.

The second Decision, simultaneously amending banking laws in both Entities, creates the conditions for sound banking examination, which is essential for the establishment of a reliable and efficient banking system.

The Entity laws did not provide protection for bank supervisors, examiners and officials of the banking agencies from personal liability arising from the normal performance of their duties. As a result, they were anxious and hesitant to carry out their duties as required.

Protection of this type of officials is both customary and necessary for strong and independent bank supervision. The International Community had proposed amendments to the Entity Banking Laws in the past, but despite repeated promises by government officials, no action had been taken. The High Representative was therefore forced to step in.