

OHR's Statement at the International Agency's Joint Press Conference

Cleaning Up Public Companies to Create Jobs

As you know, the Entity prime ministers announced last year that they would secure the enactment of key reforms after the Special Auditor found that BiH public companies were losing tens of millions of KM every year in potential revenue because of mismanagement and fraud. Dealing with this issue effectively is an essential test of the entity authorities, and to the sincerity of their commitment to clamp down on the corruption and fraud that is costing citizens millions.

With regard to Telekom Srpske, the Special Auditor indicated that, among other things, that the company had engaged in improper tendering procedures and in a number of cases failed to recognize conflicts of interest or management procedures thus costing the company millions of KM.

Telekom Srpske's Steering Board is the body that is responsible for ensuring proper management is in place and this does not happen. The Special Auditor found that the Board had not performed its job properly. It's worth noting, therefore, that last Saturday when the Telekom Srpske Assembly appointed a new Steering Board – and it appointed four of the five members on the old Steering Board and thus missed an opportunity to send a strong message that mismanagement would not be tolerated.

Their actions send a clear message that Telekom Srpske, and the RS Government, which is its biggest shareholder, is not ready to seriously address mismanagement in the public sector. On the one hand, the government and Telekom Srpske have made a

public commitment to ending abuse at the company so that it can start operating – as public companies should – in an efficient and competitive way that will allow it to generate economic growth and create new jobs. On the other hand, the same people who were unable to prevent massive fraud and incompetence have been reappointed to senior positions.

This action makes it all the more important that the parliaments enact the reform package announced by the prime ministers at the end of last year, since clauses in the five laws specifically address the causes of fraud in public companies and prescribe serious penalties for those who are involved in such fraud.

Responsibility for taking meaningful action on reforms lies with the RS authorities. If they fail to take action, the citizens will be have to draw the inevitable conclusion that the authorities are for whatever reason unable or unwilling to take action to protect them from fraud and corruption.