

# Remarks by Deputy High Representative Patrice Dreiski at a Regional Conference on Development Projects

Ladies and Gentlemen,

It is my great pleasure to represent the Office of the High Representative and to support this event. I am particularly pleased to have an opportunity to participate in this discussion about water and ecology because the topic still receives insufficient public attention in this country and in BiH's neighborhood.

Most people in BiH have access to water and energy, most of the time.

There are problems with the efficiency and cost of providing these commodities to the end consumer – but the deeper problems of ecological damage are rarely discussed.

Yet ecological damage will have a long-term negative economic effect as well as a profoundly negative impact on the quality of life of most citizens if it is not addressed, and addressed quickly.

When we hear about oil spills off the Atlantic coast, or the environmental damage caused by heavy industry in Central Europe we might be excused for thinking that Bosnia and Herzegovina is – relatively speaking – trouble free from the environmental point of view.

It isn't.

A relatively placid surface masks a complex and troubling reality.

Bosnia and Herzegovina must address serious ecological issues in the provision of water and energy.

It must start doing this today. The sooner this becomes a major topic of public debate the better.

The maintenance of infrastructure in the provision of water supplies is seriously inadequate, a structural deficiency which means that the whole system faces a very real danger of fixed-asset degradation. Over the long term this raises the likelihood that a comprehensive and hugely expensive overhaul will become necessary.

More than 50 per cent of the water provided by the public utilities is unaccounted for, as a result of illegal connections and widespread leakage.

This is an unsustainable figure and an unacceptable situation.

Not only does it mean that revenue is hemorrhaging from the providers. It means the providers are unable to supervise the maintenance of their networks in a rational way.

This reflects and compounds an underlying problem of insufficient investment.

And the lack of investment further contributes to a general erosion in the market responsiveness of the water sector. Political considerations, rather than commercial ones, often dictate the setting of water rates.

Similarly, the fragmentation of utility companies (there are more than 100 public water providers in BiH) means that administration costs are disproportionately high. While the funds available to be ploughed back into the networks is disproportionately low.

Clearly, we are faced with a compelling case for institutional reform, and for a serious and sustained effort to encourage partnerships with the private sector.

BiH's hydro-potential is considerable. Power generation and tourism are two areas where revenue and job creation could be huge. But there is a conspicuous lack of a clear State-level policy and institutional framework that would transform this potential into real economic benefits.

Instead, there is fragmentation, mismanagement, underfunding and environmental irresponsibility.

As a result, BiH suffers from a high level of surface water pollution because almost all municipal wastewater and industrial waste are discharged, almost untreated, into the rivers. To put it with indelicate but accurate simplicity – one municipality's waste system is another municipality's drinking water. Although this situation may be better in larger towns, the evidence in the rural and semi rural areas is damning. Similar pollution comes from the unregulated rubbish dumps close to rivers.

In this sector, we are faced with a familiar situation. BiH has vast potential as a result of its plentiful natural resources. However, it needs to develop the mechanisms – and develop these mechanisms quickly – that will allow it to transform this potential into revenue and jobs. It can do this with the right application of sensible policies, coordinated effort and political and institutional discipline. I hope that this conference will help marshal these necessary elements in the formulation of public policy in the water and energy sector, in the wider perspective of the urgent need for an environmental policy.

Thank you