

High Representative Removes Senior Managers from Elektroprivreda RS, Enacts Law on Ministerial and Government Appointments

The High Representative, Paddy Ashdown, on Wednesday removed senior officials from the management of Elektroprivreda RS, which was severely criticised in a report by the Special Auditor issued this week. The High Representative also issued a Decision enacting a Law on Ministerial and Government Appointments, aimed at preventing the appointment and dismissal of board members at public companies on political grounds.

The High Representative removed General Director Svetozar Acimovic and board member Bosko Lemez from their positions at Elektroprivreda RS. The Special Auditor's report on Elektroprivreda RS found that the company was losing KM 166 million annually in potential earnings because of mismanagement, conflicts of interest, theft and neglect – nearly half a million KM a day.

Speaking at a press conference at which he was joined by OSCE Head of Mission Robert Beecroft, US Ambassador Clifford Bond, Head of the World Bank Mission in BiH Joe Ingram, Principle Deputy High Representative Donald Hays, and Arthur Runge Metzger, Head of Operations of the European Commission Delegation in BiH, the High Representative noted that Mr Acimovic had “presided over a culture of gross mismanagement, neglect and probably criminality,” and had failed to prevent abuses at Elektroprivreda RS.

Mr Lemez was removed because as RS Minister for Energy during the two-year period (2001 and 2002) covered by the Special Auditor's report he failed to exercise ministerial responsibility to prevent the abuses uncovered in the report. In addition, under the Conflict of Interest Law, Mr Lemez, as a former minister, was barred from taking up a position in a public corporation within one year of leaving office.

"Bosnia and Herzegovina cannot go on like this, with one of its major public corporations being abused in this way, and its citizens being systematically robbed by those who are supposed to serve them," the High Representative said.

The High Representative said the aim of his Decision enacting the Law on Ministerial and Government Appointments was to ensure that future appointments to Elektroprivreda RS – and to other public corporations throughout BiH – are carried out according to a more transparent and accountable procedure.

"The law establishes a code of practice that sets out a regulatory framework for those public appointments in public bodies that do not fall within the scope of the Civil Service Laws," the High Representative said. "The abuses so damningly set out in the Special Auditors' report on Elektroprivreda RS can be seen to a greater or lesser extent in all BiH's major public corporations. These abuses explain why the restructuring of 'strategic companies' in BiH has been delayed. It is completely unacceptable that the citizens of BiH are paying the price for this, in terms of poor services, high prices, lost public revenue, and millions of KM ending up in the hands of criminals."

The law sets out the principles that have to be followed in making appointments to public companies. These principles are merit; independent scrutiny; equal opportunity; probity; openness and transparency; proportionality; and ministerial responsibility.

The High Representative also called on the RS authorities to address the flagrant abuses that have been uncovered at Elektroprivreda RS by

- Dismissing the current management and supervisory boards and appointing new boards in a fully transparent manner;
- Prohibiting all new tenders and construction projects until the new boards are in place and suspending all suspect projects, at a minimum including the Fatnicko tunnel and the Buk Bijela dam project; and
- Establishing a taskforce of all relevant law enforcement bodies to investigate possible criminal activities in a coordinated way.

“Our actions are not aimed at Republika Srpska but at those who are exploiting the citizens of Republika Srpska,” the High Representative said. He said that the reports of Special Audits into the Mostar and Sarajevo Elektroprivredas would be published in the next few weeks.