

Anti-Corruption in South East Europe: Delivering Better Governance through Synergies among Civil Society Stakeholders



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South East Europe
Sustainable Energy
Policy

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The limits of synergy...

- ◆ Synergy between CSO in our network 4 out of 5
- ◆ Synergy between CSO and journalists 4 out of 5
- ◆ Synergy between CSO and Energy Community Secretariat 3.5/4 out of 5
- ◆ Synergy between CSO and EU institutions in Brussels 3.5/ 4 out of 5
- ◆ Synergy between CSO and EU Delegations 3/ 3.5 out of 5
- ◆ Synergy between CSO and Government 1 to 3 out of 5

Winners and Losers

Who benefits from high-level corruption in the South East Europe energy sector?



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**SUSTAINABLE ENERGY
WEEK 23-27 JUNE 2014**



Media impact



**CLEANING UP SOUTH-EAST
EUROPE'S ENERGY SECTOR**



Garret Tankosić-Kelly, SEE Change Net: Corruption in South East Europe Energy Sector Deters Investment



Unveiled: Energy Corruption in the Balkans



**Corruption serious barrier to sustainable energy
system in southeast Europe**

BalkanInsight

**Corruption Hinders Balkans Energy Sector
Progress**

- Report received significant EU and regional media attention
- Reported by EurActiv, Energy Post, Equal Times, Energetika, Balkan Insight, SETimes, Slovenian Dnevnik...
- Press statement by Ulrike Lunacek reported by various media in the region
- Stimulated an increased interest in corruption issues by the media of the region



BiH: The EPBiH and EPHZHB energy trading case

- ◆ **Date:** Incidents came to light in 1998 and again in late 2011.
- ◆ **Summary:** State authorities of FBiH have on two occasions, more than 10 years apart, decided to trade EP BiH's surplus electricity through traders, which made a significant profit for private trading companies involved, Debis International and Rudnap (represented by already mentioned Damir Fazlić).
- ◆ **Status:** Edhem Bičakčić was excluded from involvement with EPBiH in March 2003, but the ban was lifted in 2006. In 2009 a separate trial against Bičakčić and Čović resulted in an acquittal. No high level politician has ever been convicted of corruption in BiH. Also, no action appears to have been taken against Elvedin Grabovica.





Croatia: The HEP energy trading case



- ◆ **Date:** Sale of electricity was approved by HEP in 2007. Investigation began in 2010, and first indictment against Ivan Mravak was issued in January 2012.
- ◆ **Summary:** The case concerns the sale of electricity at below-market rates by Croatian provider HEP to two factories: TLM (Croatia) and Aluminij (BiH), which cost HEP about 85 million EUR. Connected to this case, state prosecutor alleges then-Prime Minister Ivo Sanader accepted more than 1.5 million EUR in bribes.
- ◆ **Status:** Former HEP board chair Ivan Mravak was indicted in 2012 for abusing his office on the orders of Sanader. Sanader was indicted in 2013. The prosecution has withdrawn the indictment for amendments and is expected to re-issue it again around September 2014.



Macedonia:

The electricity trading cartel and tax evasion cases



- ◆ **Date:** Electricity auction in question took place in January 2012.
- ◆ **Summary:** In 2012 the Antimonopoly Commission of Macedonia filed misdemeanor charges against 4 electricity trading firms on suspicion that they created a cartel so they could dictate the price for electricity imports through their bids in a January 2012 tender. Later in the year the customs office also charged 3 electricity trading companies additional customs duties, saying that they had used various methods to evade paying these fees.
- ◆ **Status:** Commission for Protection of Competition confirmed that they filed misdemeanor charges against the companies that allegedly created the cartel and that this process is still ongoing. In the tax evasion case it is not clear whether the companies have paid and if not, whether further action has been taken.





BiH/Montenegro: Electricity trading



- ◆ **Date:** Transactions took place in 1999 and 2000, investigation lasted until 2008.
- ◆ **Summary:** In 1999 USAID gave the Montenegrin government a donation of 11.9 million USD, part of which was to cover EPCG's debt for electricity imports from EP RS in BiH. However, Serbian businessman Vuk Hamović, then a director of London-based GML, bought up EPCG's debts shortly before the USAID donations, giving rise to suspicions that the USAID money was being purposely diverted to GML.
- ◆ **Status:** BiH prosecutor dropped its investigation in 2006 and the UK Serious Fraud Office dropped its investigation against Hamović in 2008 due to the low likelihood of being able to secure a prosecution. The results of the USAID investigation are unknown.



Serbia: The Kolubara mining scandal



- ◆ **Date:** 2004 – 2009; The issues came out in the media in 2011
- ◆ **Summary:** In 2011 Serbian police arrested the former director of the Kolubara mining company and 16 others on charges of unlawfully harming the company through improper hire of equipment and falsification of hours of operation. The case has not yet been concluded.
- ◆ **Status:** On 31 August 2012 Radoslav Savatijević was released from detention and is awaiting the first court hearing for the case. On 21 September 2012 Dragan Tomić and Vladan Jovičić, the main suspects, were released from detention after 1 month in prison, after an appeal court decision. They await the first court hearing for the case.





Tamnva mine flooding and the persecution of BIRN





Recommendations

- ◆ Energy Community adopts Public Procurement and State Aid Directive
- ◆ Energy Community better resourced for monitoring and investigation
- ◆ EU Delegation speak more clearly and act more effectively in Chapter 23 and 24 negotiations
- ◆ EU Delegation speak more clearly and act more effectively in support of CSO work
- ◆ Focus on an independent judiciary
- ◆ Enhancing freedom of speech and encouraging pro-active publishing of information

Thank you for your attention!



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