

From Croatia to Montenegro, shady energy deals plague the region's economy, according to a report to be published today (24 June) during the European Commission's Sustainable Energy Week.

The report, led by Marko Prelec from the Balkans Policy Research Group, draws attention to the massive corruption hitting the energy sector in Southeastern Europe.

Titled "Who benefits from high level corruption in the South East Europe energy sector?", the report lists "only some" of the corruption scandals that hit Southeastern Europe over the past years.

Among them, the Serbian "Kolubara" mining scandal, the Croatian INA-MOL affair which brought the former Prime Minister, Ivo Sanader, behind bars for taking €10 million in bribes, the Macedonian electricity trading cartel case, in which four firms allegedly dictated the price for electricity imports in a tender in 2012, or the Montenegrin USAID scandal, where US money donated to the government was allegedly diverted by shady businessmen. Most of these cases, with the exception of the Croatian former prime minister and two cases in Kosovo (one involving a foreigner and the other a journalist), are all either pending or have been closed without charges. Sometimes they are not even investigated.

29 billion of investment planned

With €28.8 billion energy investments planned by the Energy Community in the Western Balkans by 2020, and an infrastructure which will need to be replaced, the energy sector in the region is set to grow tremendously, the report says.

This means corruption levels will grow proportionately in a region where youth unemployment is sometimes ridiculously high and economic emigration is becoming a massive phenomenon.

"30 billion is an enormous amount of money, imagine what 10 or 15% of that amount is, how rich you would get," commented Garret Tankosic-Kelly from the South East Europe Change Network (SEE Change).

Corruption in the region is widespread in all sectors, but Tankosic-Kelly says that a number of factors make the phenomenon all the more serious in the energy sector.

The region's energy security is also at stake, as demonstrated by the Ukrainian crisis.

"It is critical to energy stability. You see how important it is to have your energy system sorted out, diversified, able to deal with shocks and what happens in the energy field is that they go with the things they know: really dirty coal and really big bad hydro when they should be going for energy efficiency, diversified renewables," says Tankosic-Kelly.

In a region where about 20% of the energy is "either lost or stolen", most of these countries, our interlocutor says, "are two to four (as) times energy inefficient as the European Union average."

The lack of energy efficiency policies and the reluctance to save energy in general is also linked to the huge sums of money brought corruption in the energy sector, he warns.

“It’s very hard to take a large slice of rent seeking if you want to do energy efficiency in all the municipality buildings, for example, because then the money gets all spread out, it takes a lot more effort and a lot more people benefit, whereas if you have a coal plant worth 1.2 billion, three or four people are required to sign the deal...”

Journalists and whistleblowers in danger

Probably none, or very few, of the corruption affairs listed in the report would have been unveiled if it were not for the work of journalists, civil society and whistleblowers, note the authors of the report. However most come under huge pressure when their lives are not threatened. “They work in a challenging, often hostile environment.”

The study underlines backing its allegations with reports produced by the EU Commission, the OSCE, Freedom House and Reporters without borders.

Albania, Bosnia and Herzegovina, Croatia, Kosovo, Macedonia, Montenegro and Serbia all rank extremely low on freedom of the press and freedom of expression in general.

Macedonia is the only country in the region to have jailed an investigative reporter.

In all the other countries, journalists face some kind of intimidation or pressure.

“Governments in the region have a history of harassing - or worse - reporters and civil society activists who look too closely or too publicly into the cosy world of patronage economics and corruption. The institutions charged with protecting them too often fail.

But threats and censorship are not the only obstacles. Too often, the report notes, in the Balkans, media outlets are directly dependent on governments or powerful businessmen.

“Editors know the consequence of crossing the powerful can be an advertising drought that can lead to bankruptcy,” the report notes.

Recommendations

A conference hosted by the European Commission today (24 June) will give the authors an opportunity to present the report, together with some recommendations for policymakers. They welcome the Commission’s focus on anti-corruption policies and the rule of law in EU accession talks with candidate countries in the region, saying past mistakes made with Bulgaria and Romania should be avoided.

They also ask the Commission to make energy related aid conditional on progressive compliance with the Energy Community Treaty and call for a close scrutiny of privatisation of state owned firms and tendering for new projects.

Source; EurActiv