

Serbia:Serbian Flood Repairs Spark Fraud Claims

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Belgrade's state owned energy company stands accused of exploiting Serbia's devastating floods as a cover for a costly and potentially illegal contract with a consortium related to energy mogul Vojin Lazarevic.

A Serbian consortium led by company Enel claims that Belgrade Power Distribution, EDB, has made a "fraudulent" deal to buy almost 40,000 electricity meters at inflated prices for the flood-ravaged town of Obrenovac.

Enel's consortium claims the €3.5 million contract had been discretely handed out without a competitive tender and at €1 million above the market rate.

EDB elected consortium ELECOM, including Meter&Control, to replace the damaged meters despite it offering a price €1 million higher than Enel's, it is alleged.

Meter&Control was founded in 2008 by Rudnap, owned by Vojin Lazarevic, and currently is owned by Swiss offshore company Pallanterie Finance SARL. This Geneva-based firm is in turn owned by Cypriot-based Balmeran Limited, which is linked to other Lazarevic firms.

Consortium ELECOM comprises three firms: Meter&Control, connected to Serbian energy mogul Vojin Lazarevic; EWG, owned by famous Serbian basketball player Dejan Bodiroga; and SITEL, Bosnian company.

A source from public company Electric Power Industry, EPS, owners of EDB, added that its assessment on May 20 was that Obrenovac, some 30km from the capital, needed just 22,000 electric meters, almost half the number ordered by the Belgrade, state-owned firm.

"We assume that EDB is abusing the fact that Obrenovac is recovering from floods to secure a job for Meter&Control, EWG and SITEL, avoiding the Public Procurement Law and at prices much higher than market prices," the Enel's consortium told Balkan Investigative Reporting Network, BIRN.

The consortium claims it had obtained an internal EDB document showing that ELECOM has been selected as the supplier, but it has no proof the deal was signed.

The document states EDB opened the tender on June 4, requesting suppliers to submit their offers by June 5.

Source at EPS claims that senior director Zeljko Markovic wrote to EDB on May 20 recommending the company buy electricity meters from all bidding suppliers.

Markovic held a meeting with all potential suppliers on May 20 asking them to deliver meters

at €61, without competing against each other, as there was enough work for everyone.

The price of €61 was selected as it was the lowest offer from a tender open in December 2013.

However, ENEL and its consortium claim that EDB instead ordered electricity meters at €81 per unit.

EDB's alleged decision to favour bidders able to deliver all 39,400 meters immediately also angered ENEL's consortium. It argues it is impossible to install all the equipment at once and that price should have been the priority.

"This is a fraud in which an emergency is being used as the sole criterion for assessing the bids, regardless of price," the consortium told BIRN.

But Jovan Vujasinovic, director of Meter&Control, told BIRN he had not been informed whether his consortium had won the tender. EDB also said the procedure had not been concluded.

The last successful tender for electricity meters was in 2010 when Meter&Control delivered 13,000 to EDB. Every tender since has been cancelled after losing companies successfully complained.

The floods that hit Serbia in mid-May affected 39 out of 120 municipalities, forcing more than 30,000 people from their homes and damaging or destroying road, railways, bridges, homes, power plants and telecommunication infrastructure. Prime Minister Aleksandar Vučić has said the bill will be around €1 billion.

One of the worst hit towns was Obrenovac.

The text is part of a larger project "Strengthening of media freedom in Serbia", financed by the EU.

Source; Balkaninsight