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## Elektroprivreda

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# Rebuilding Bosnia's electrical grid

*The Schiller Institute delegation visited Sarajevo's electrical power plant, Elektroprivreda, on April 15, where they received a full briefing on the destruction of the nation's electrical grid and what it would take to rebuild it. The delegation met with General Manager Edhem Bicakcic; Acif Hadrovic, the director for transmission and operation of the electric power system and the assistant to the general manager; and Mrs. Sabaheta Sadikovic, director of generation and head of the research and development department. Mr. Bicakcic, who is also the vice president of Bosnia's ruling Party of Democratic Action, stopped in briefly to express his appreciation to the institute, before leaving for Germany. Translation was provided by Urfet Vejzagic, senior counselor for Elektroprivreda.*

*What follows is abridged from their discussions.*

**Urfet Vejzagic:** I'm here working as an engineer. I was retired and on pension for some two years before the war, but during the war, from the beginning, I became active again, to help as much as I could. I cannot tell you how much I appreciate your coming. Usually, the delegations which come to visit us are engineers and talk about technical matters. But, I can't help expressing my admiration for you, because you are not technical people, as I have seen you are from different professions—professors, and so on.

I read a lot about your Friedrich Schiller. That is my favorite poet. When I was learning the German language, I read many of his poems.

Before the war, I was working here and with another company as an engineer. I was travelling in many countries which were contracting hydroelectric and thermal power from some transmission lines.

And, because I'm of the older generation, I remember the Second World War, and the people who are making things crazy, did the same thing then. As for the cruelty, I can't believe it; it is like a level of un-civilization.

My father was a Muslim priest in the main mosque, here in Sarajevo, and, his forefathers were for two and a half centuries—this was a tradition. I am an engineer; none of his sons became what he was. But, I have just to say that a human being is a *wonderful masterwork* of the Almighty Creator; and, his dignity should be respected.

We know that it was an injustice that was done to us.

Because our enemy was in Europe getting their army organization and equipment together, but we were prevented from getting organized, and that's one very important difference. It was an enigma for us, how it was possible that certain political circles of certain countries (it's not necessary for me to mention them), supported our enemy. They gave them support, but they didn't take any steps to influence them—as a matter of fact, they helped them to behave in an uncivilized way. That is our biggest surprise, our biggest enigma, which we cannot understand.

**Acif Hadrovic:** I must apologize on behalf of my director, because he has to go abroad. We at the electric authority very much appreciate your visit.

We agree with your approach to understanding Bosnia and Hercegovina, the situation in which we are now, and how we can move out of this situation by also helping you. I am speaking for the general director and director of the department for transmission and distribution of electric energy. Mrs. Sabaheta is the director of the department for development of our electric power system. I am an electrical engineer and a technical consultant in the office of our general director.

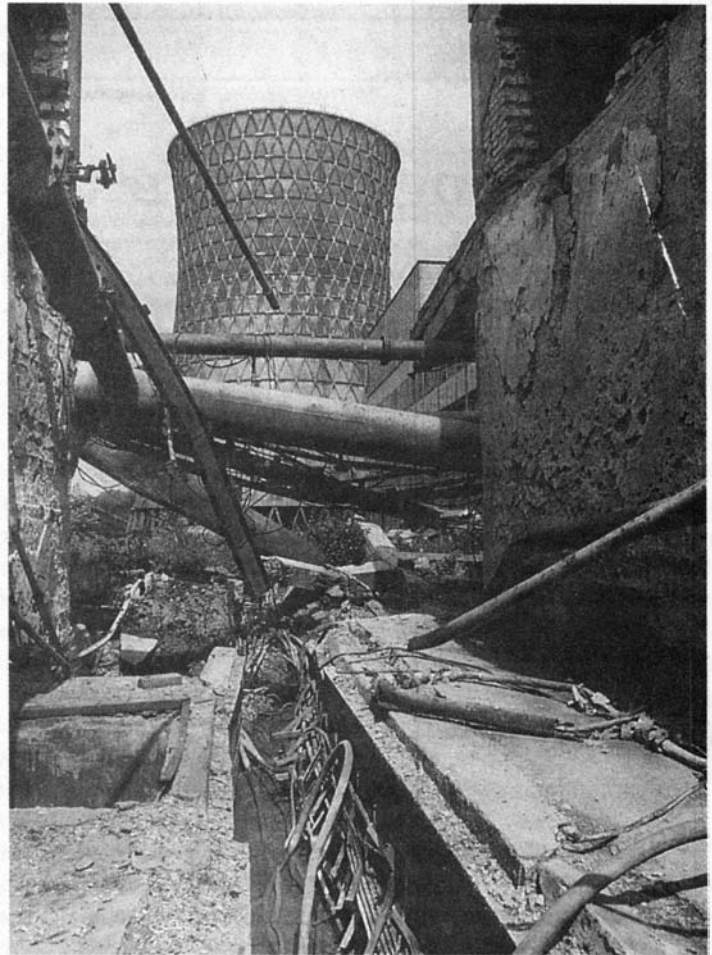
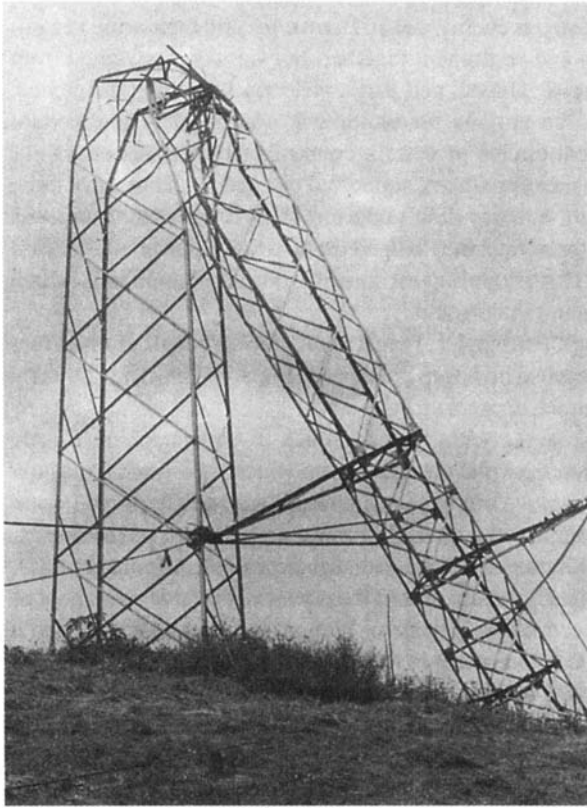
**Jozef Miklosko:** Thank you very much for seeing us. There are many distinguished persons all over the world who have decided to cooperate with us, as well as with this committee. Our campaign is to awake the conscience of the people in America, but also all over the world. Some of us visited the United States a week ago, and we spoke with many distinguished people in churches, in universities, in NGO organizations, about possible help for Bosnia. And we were very surprised at the positive response of many people, and, also, big organizations. We tried to organize such an international movement which should help Bosnia.

First of all, we stressed, "Save the children. The children have suffered too much. Many of them have been killed, many of them are orphans, in orphanages. Please help them."

Second, we stressed the debt relief program. We know that the IMF and the World Bank are trying to make Bosnia pay back 17% of the debt of the former Yugoslavia. We are campaigning against that. It's not good that the victim should pay the debt of the aggressors. And we were also surprised at the positive response in America, in various media, about this topic. And we are trying to tell the people, as Pope John Paul II said, that the second millennium should begin with debt forgiveness for some poor countries. We suggest that Bosnia should be the first.

Third, we stressed the so-called Marshall Plan for the reconstruction of Bosnia, which includes infrastructure, not through some big international financial institutions, but through your national banks, your own sovereign organizations, with help from the outside.

We also stress the importance of reconciliation among the people, and here we see that the churches are the most important thing for that. And we also want to invite some



*Wreckage of Bosnia's electrical power grid: a transmission line (left) and the Tuzla thermal power plant (right). One of the basic military aims of the Serbian aggressors was to destroy Bosnia's electrical power system, along with other infrastructure necessary for the life of the civilian population.*

people to the United States, maybe some politicians, parliamentarians, or some regional leaders, but from all three nationalities, to make contacts on the highest level in America.

As for Slovakia, where I am from, I was also surprised by the positive response on this, and also other small countries could help Bosnia with some concrete projects.

*At this point, General Manager Edhem Bicakcic stopped in to greet the delegation. Former Massachusetts State Rep. Ben Swan—who remarked that he had once worked for the Tennessee Valley Authority—extended the institute's invitation for a Bosnian delegation to come to the United States "to help us to mobilize the kind of political support that we need in order to gain the kind of economic support for restructuring, such as what Ron Brown was attempting to do. I think it would be helpful if we had individuals from your country, to actually physically be in our country."*

### **Enemy sought to destroy electrical system**

**Hadrovic:** I want to give you some information about our actual situation. Our electricity authority, Elektroprivreda

of Bosnia-Herzegovina, was a component part of the electric power system of former Yugoslavia. We were a member of the European Association of High Voltage Electric Power Systems. And we have a very well-developed electric power system on the high-voltage level.

With the start of the aggression, one of the basic aims of our aggressor was to destroy the electric power system, in order to make the situation even more difficult for civilians. Because electricity is a basic for life. After that, it was the system of telecommunications to be destroyed, in order to prevent communication among us. All other systems of infrastructure were hit by the aggression. This aggression was planned and programmed years and years ago.

At first, our aggressor shelled our high-voltage transmission lines, hydroelectric generation units, and thermal power plants, as well as the distribution system under our authority. The hydroelectric station upstream of Mostar—you've had a chance to see how it looks?—is completely flooded by water now. The same at other upstream stations. One has been under water for two years. We are trying now to rehabilitate this one: We've pumped the water out and dismantled some of it.



*The Schiller Institute delegation meets with Edhem Bicakcic, general manager of Elektroprivreda and vice president of the ruling Party of Democratic Action. Left to right: Mr. Bicakcic, Paolo Raimondi, Ben Swan, Umberto Pascali, Jozef Miklosko.*

We've signed contracts for the rehabilitation of the upstream power plants.

Other power plants which were not destroyed or damaged, could not deliver energy to the economy, because transmission lines were seized. So there are two kinds of damage: direct destruction, by shelling and so on, and by forcing it out of normal operation. And another part of our plant was delivering electricity to our consumers in the liberated territories, operating under very unusual and very difficult conditions.

The estimate of direct damages is about DM 550 million [\$345 million], but the study is not complete, because there are certain power plants and certain facilities which we could not approach, because the area was mined. If we add to this amount, the indirect damage caused by not operating, the total damage is more than DM 1.5 billion [\$940 million].

And you know that to rehabilitate all this, a lot of money and a lot of very highly skilled work will be required, because the economy is completely destroyed, and for that reason our country cannot just rebuild it on its own. We cannot do it successfully without help from the rest of the world.

As you know, Sarajevo was encircled by the aggressor, and a lot of damage was completely done to the electricity, and water, and gas supply.

In the free territories controlled by our Bosnian army, we permanently had an electricity supply, just to cover the minimum requirements to deliver power to Sarajevo. But, inside Sarajevo, there was tremendous pressure on the civilians, because everything possible was done to break the electricity supply to the town. From May 26, 1995, to Nov. 26,

1995, Sarajevo's electricity supply was completely down. Not even 1 kilowatt-hour [kwh] was supplied, because the aggressor forces controlled the territory from our power plants to the town, over which the overhead transmission lines ran.

We arranged some underground cable, which the aggressors could not control, and, by means of these 35 kw cables, a minimum electricity supply was brought into the town. We constructed a conduit beneath the airport through which we installed a 35 kw underground cable, and supplied 10 MW of power, because we controlled the territory on either side of the airport. That was the so-called "independent system for electricity supply to the town." You can imagine: 300,000 inhabitants, and only 10 MW of power. It was used for the highest priorities, such as hospitals, post offices, the water system, telecommunications, and so on.

### **The enemy's scorched-earth policy**

Now? We are free now.

In the parts of Sarajevo controlled by the fascist aggressor, before they could be rejoined to our liberated Sarajevo, they were given sufficient time to destroy the industry in this area; the liberated part of Sarajevo, was a residential area, but all industries were controlled by the aggressor, which was planned from before.

For instance, when you approach Sarajevo from Mostar, the suburban area controlled by them for all four years, you can see that they completely dismantled and removed the electrical equipment from our electric substation, 110 kw. In other parts, they destroyed many distributors at the 10 kw

electric substations. Now, we are trying our best to recover.

We have impossible restrictions for public electricity consumption: Every house has 6 kwh per day of consumption—not much, for preparing food, washing clothes, and so on. They have to set up a schedule whether they can do it that day, or not.

**Vejzagic:** I remember in 1992, it was  $-20^{\circ}\text{C}$  outside, but in our hospitals, in the rooms where the patients were lying, the temperature was  $-7^{\circ}\text{C}$ , below the freezing point. You can imagine. And we had even much less for some operations.

**Hadrovic:** But if you ask somebody to explain how we could all endure all this, nobody can—. We had endurance, but please, don't ask how.

**Vejzagic:** I had completely forgotten about electricity: One night about 10:00, after we had gotten electricity at night, I was shaving in the kitchen, completely in the dark. And my wife came in and turned on the light switch: "Why are you doing that?" I said, "I forgot!"

**Hadrovic:** I remember how Sarajevo used to look: It was a very nice town, very green. There were chestnut trees in our parks; now, everything has been cut down for heating.

In the year between 1995 and 1996, we made additional installations for an independent system of electricity to Sarajevo. There is one 110 kw cable, underground cable, that we ran beneath the airport. Our inhabitants felt that if encirclements should continue, with such pressure from the aggressors, we could survive, by means of this 110 kw cable. With this cable, we could import, normally, 17 MW into the town; and another 35 kw cable. That was sufficient for every family to consume 2 kwh per day.

**Benjamin Swan:** And the cease-fire? And the Dayton Agreement? Has there been any effort made to recover equipment taken by the aggressor? Such as the removal of equipment from power stations, relay stations?

**Vejzagic:** Sarajevo has 10 substations, 110 kw for electricity supply to the town. Now, at 8 of them, there is the possibility of removing the threat from mines. We can now approach the problem of repairing them.

**Hadrovic:** They dismantled substations in the territory which they controlled, and shelled those that were on our side. At some substations, they removed what they could, but that only was for Sarajevo, and this is now under operation. But of our substations which were at the 10 kw level, 80% are demolished.

### **World Bank offers pittance**

**Hadrovic:** Before the war, we had 2,000 MW from hydroelectric power plants, and 2,000 MW from thermal power plants. Now, on our liberated territory, from hydroelectric power plants, we have in operation only 250 MW. At the Tuzla thermal power plant, which had 750 MW installed capacity, 155 MW is available now. We have just now, in the course of rehabilitation of one generating unit, 200 MW in

the Tuzla power plant. But we still do not have the ability to rehabilitate two 200 MW units. In another thermal power plant elsewhere, we have four 25 MW units operating; we have to repair one 110 MW unit and to put into operation another unit, 210 MW. But, another unit, 230 MW, will still remain out of operation.

**Swan:** I read the estimate relative to damages. Has there been an estimate in terms of cost of replacement, human resources or skills, manpower needed, and the time that it would take to restore it to normalcy? And are the skills available?

**Hadrovic:** We have done all these estimates for the World Bank and the European Bank for Reconstruction and Development. Mrs. Sadikovic will bring them. The World Bank permitted us to take a certain number of power plants to enter the program, to be financed by them. But there is another part of our electric facilities, for which the World Bank is just trying to find financing and donors.

At one thermal power plant, where a generating unit is just in operation, they have introduced this World Bank financing program. But in this program—it is nothing. It is one unit of 110 MW, and another unit of 220 MW at the same power plant. That means 330 MW is introduced in this World Bank program, and 340 MW is *not* introduced in the World Bank program, which needs to be financed. And the Bank is now searching for financing for the 220 MW, but the other, greater part, 340 MW, is not in this program.

At the Tuzla thermal power plant, the World Bank is obtaining financing for 130 MW, but 630 MW of the Tuzla plant is not brought into this system now. It is our problem how to recover it. So, that means the World Bank has approved this first program, but for the rest, now we have to take care of it as best we can.

### **Bosnia needs independent power capability**

**Mrs. Sabaheta Sadikovic:** We have received many delegations. These delegations wanted to help us in the reconstruction of our electric power system. But yours is the first delegation which has wanted to help us from the principles of morality, ethics, and justice, and we have to accept with great pleasure your help, and support your activity in every respect. Always, for centuries, we have been a multi-ethnic and multi-religious community, and we accept the Schiller Institute's principles with affinity.

The majority of our problems have been mentioned by Mr. Hadrovic, who is an assistant to our general manager, but I wish to point out two problems.

Our greatest problem now, is to keep domestic energy production at the present level. Mr. Hadrovic pointed out that the thermal power plants are not getting support from the various international financial institutions. But, among these problems, a great part of it is the problem of the coal mines in Bosnia and Hercegovina. The great problems are technical

problems, economic problems, and also social problems of our economy in Bosnia-Herzegovina, because many coal mines were in operation before the war; we need your support, and the support of the world, in order to bring these coal mines up to the level of European standards today.

We wish to get this support for the thermal power plants for that reason, but also for economic and social reasons, but, at the same time, the basic point is that we need an independent system of electric energy production. But we cannot rely on imports of electric energy, which is what is suggested to us.

We are ready, and we wish to respect and employ all ecological standards which have been developed in European countries for this kind of power plant. Before the war, as a republic, former Yugoslavia had good conditions in energy generation and resources, and now we are pointing out the problems of our coal-based thermal power plants. We are expecting the support of the international community, to help us to restore our coal mines and electric thermal power plants. That is our orientation in further development of our power system.

During the four years of the war, it was a great effort to supply electricity to our liberated territory, as much as we could. But now, there are very difficult conditions, because our transmission lines and substations, even in our liberated territories, were permanent targets of war actions by our aggressors: About 320 of our skilled workers lost their lives while repairing our transmission lines and substations. In these four years, our thermal power plants and hydroelectric power plants, which were under operation, were without maintenance, but every power plant, every year, must have some maintenance, and as a result there could very easily be a breakdown in the electricity supply which we must repair now.

**Mrs. Elke Fimmen:** You are saying that the top priority is to make sure that the coal mines will be working and up to a good standard, so that you have independent electricity, and not need to import electricity? I'm asking this, because in many cases, the World Bank has been demanding that countries such as Poland import coal, instead of producing it in their own mines.

**Sadikovic:** We are receiving similar suggestions from the World Bank, and also, the European Bank has the same attitude.

All during the four years, in spite of such a difficult situation, we prepared documents, which would lead to the recovery and rehabilitation of our power system; we elaborated this, because we knew we would need it, once the war had stopped.

Before the war, we were generating 14 billion kwh a year, and, by the end of 1995, we were generating about 2 billion-plus kwh of electricity. We permanently employed our skilled staff in our operation, and, during these four years, we were making an effort to elaborate further on reconstruction after the end of the war. This war situation did not prevent us from

doing so.

**Vejzagic:** I remember, though, during one planning session (you can imagine!), we were in the vicinity of some explosions. But our highly skilled staff was employed in order to put up resistance, to help our economy, in the war period, to stand.

**Sadikovic:** But, we kept a good, basic core of a highly skilled staff in the whole economy of Bosnia-Herzegovina, and, especially, in our electricity authority. And when a delegation from a financial institution came to us, after the war ended, we were ready for them. We had already prepared a report on repairing our electric power system and our program for further development. And in this publication now, we have a compilation of our electric power facilities in the year 1990 and 1995.

### **Epic fight by ordinary people**

**Swan:** I would just like to express appreciation for the time that you've allowed for us today, and I understand the importance of the trip that was taken by Commerce Secretary Ron Brown relative to attempting to make available private enterprise support for reconstruction.

Personally, I understand well the information that you have provided, because of my background. I served as an employee, as a manager, with the Tennessee Valley Authority, the TVA in America, which covers a seven-state region. I'm living in New England now, and we have to receive power exported from Canada.

I've seen much of the tragedy that you've experienced. But on my trip to Sarajevo, I witnessed the destruction of power lines, the destruction of the high-energy lines, and it was obvious what the aggressor was attempting to do, by taking away your energy source.

I know that in order to restructure, rebuild your industry, you will have to add energy. I could tell from the cutways, in coming here, from the construction, that there was plenty of coal in your land. And I was impressed by the flow of the water in the river that we travelled along, so I know that hydro-generation is quite possible. It seems to me that you have the resources to even export energy to other lands: That should be developed. So, I am pleased that you provided me with some of the facts so that I can have a good understanding.

**Nihad E. Dzinovic:** I would also like to say a couple of words, as a native Bosnian-American. When Bosnia was completely blockaded, militarily, and, at the same time, there was such a blockade that you couldn't get anyone out of Bosnia, I got full support from the Schiller Institute, in organizing demonstrations in the United States, in spreading the truth about the injustice in Bosnia. I found that this was one group of people who were really sincere about helping Bosnia, and they were with me from Day One of the aggression.

**Umberto Pascali:** The history of your fight, must be made public and explained much more. I have been looking

at Bosnia for a long time, but now I have a real insight into what this means. There is an epic element in that, the fight of the engineer and the technician and others to keep this lifeline alive, and I understand now how this is a symptom: that the population, the leadership, were totally united in this resistance.

There were no politicians in the classic sense of the word, but there were normal people, engineers, and so on. How did the leading group that put together the political resistance, the economic resistance, the productive resistance—how did it shape up?

**Hadrovic:** Our aggressor's front line was just 50 meters from our building, and we can show you, if you like—if you don't mind—just what it looked like, what kind of destruction was imposed on this building, and what the situation was. And then you can imagine under what conditions we were working here, because every day we were working, exposed to the shelling, with the aggressors trying to cross over the bridge. And the most dangerous battle line, was about 1 kilometer from this building to the town. They were everywhere crossing here and back.

But, before we go to see this, maybe we should have another question.

**Swan:** I would again reinforce our desire to have a delegation from Bosnia come to America, to help us spread the word, to make the point, to get support.

**Fimmen:** I think especially this kind of briefing would really help: This is so concrete. It's not an ideological question; it's very clear.

You were going through what the World Bank is willing to finance, in terms of the reconstruction and getting the electricity generation system back to work. But, did I understand it right, that the biggest part which would be needed, is *not* being financed right now, is *not* in the program. Is this true?

**Sadikovic:** Yes, that's true. The World Bank has agreed to finance the top priority program, which is now only for survival and for basic humanitarian needs, but this is not for industrial recovery.

**Vejjagic:** We wish to join the European Community again, and our opinion, is either Bosnia will be Europeanized, or that Europe will be Balkanized.

## IMF squeezes Bosnia for Yugoslavia debt

*Avvenire*, the Milan daily that acts unofficially as the mouthpiece of the Italian bishops conference, highlighted the case of Bosnia in its April 26 coverage of the annual International Monetary Fund-World Bank conference in Washington, D.C. In the first of three articles covering the two-year-old effort to obtain debt relief for the world's poorest countries, *Avvenire* wrote:

"The International Monetary Fund and the World Bank have postponed the consideration of a proposal to eliminate part of the debt of the world's poorest countries, acknowledged to be unpayable. Now there is fear that the initiative, which could have relieved the situation of 40 extremely poor countries, will fail. The international organs have even given an ultimatum to Bosnia: if it wants more loans, it must first pay 17% of the debt of former Yugoslavia."

*Avvenire* elaborated the new looting of Bosnia in an accompanying article:

"Bosnia must take on 17% of the debt contracted with foreign banks by the defunct Yugoslavia, and 'accept a plan to eliminate the interest arrears on these loans.' That's the condition that the World Bank, in its report to the Brus-

sels Conference on Bosnian Reconstruction (Dec. 20-21, 1995), has imposed on the government of Sarajevo as 'the most important in order to be admitted among the members of the World Bank,' without which [Bosnia] will have no access to new credits.

"Yet the same World Bank recognizes that 80% of the Bosnian economy has been destroyed (and almost half of the population killed or expelled) by the aggression of Serbia, which claims to be the political heir of Tito's Yugoslavia. But the logic of the World Bank is revealing: Bosnia, which controls 17% of the territory of the ex-Yugoslavia (what the Serbians left them) must pay 17% of the debts contracted by Yugoslavia. Financial circles do admit, *sotto voce*, that the large private western banks lent 'too much' to Yugoslavia, incautiously trusting in the 'stability of the country' created by Tito.

"It's a classical case of a failed investment, induced by ill-considered 'political' motives; and, according to the norms of the 'market,' the damage for the failed investments should fall on whoever made the investments. Instead, the investors want to load their error onto a country that has been martyred. And, via the World Bank, they suggest the 'recipes for fiscal responsibility' which, given the situation in Sarajevo, seem to be tragically ridiculous: 'The government of Bosnia must move towards the convertibility of its currency, the dinar, and rapidly take up the privatization of state firms and excessive spending on social assistance.' "