

MAY 2010 MONTHLY REPORT
ON FIGHTING CORRUPTION AND CRIME
AND THE STATE OF TRANSPARENCY IN SOCIETY

In the monthly report for May 2010 on fighting corruption and crime and the state of transparency in society TM would like to caution about the following cases:

What does the Budget of the Republic of Macedonia Hide?

1. The policy of the Government of the Republic of Macedonia to cover the increasing budget deficit with loans while avoiding the offer by the IMF creates founded suspicions that in the Budget of the Republic of Macedonia there are planned expenses that should not be seen by the public and the IMF experts. The Government decided to issue Euro bonds with five times higher interest rate than the loans that the IMF offers, and which are with interest rate of maximum 2%. It is evident that this is deliberate avoiding of the IMF's monitoring of the way the public money are spent, even if it means big damages to the budget of the state. *Transparency Macedonia* believes that the official explanation of Prime Minister Nikola Gruevski, that an IMF arrangement will disturb the state's rating is unfounded and frivolous since the state's rating was drastically reduced, which is directly reflected in the interest rate of the Euro bond that is expected to be high, probably with a two-digit number. For the countries with good rating it is under the 5% level. On the other hand TM believes that the arrangement with the IMF will increase the rating of the state since IMF will have a control over the implementation of the budget policy and the rational spending of budget funds.

Hence, it is clear that the Government avoids the IMF not because they want to increase the state rating as the Prime Minister claims, but to avoid the control that the IMF would have in the spending of the budget money. If we add to this the fact that the audit report on the financial statement of the budget will not be reviewed at a session of the Assembly of the Republic of Macedonia, then it is clear that the budget is hiding something, and one hides something only if it is illegal and has elements of corruption and crime.

Transparency Macedonia openly asks the Government of the Republic of Macedonia and the Ministry of Finances whether in the budget of the Republic of Macedonia there is unplanned or illegal spending of the budget funds and why the spending of the budget funds is hidden from the public. TM urges the Government of the Republic of Macedonia and the Ministry of Finance to urgently review the decisions about where and under which conditions the state takes loans because the access of the Government looks more as a high risk hazard which at the end is paid by the citizens.

Conflict of interests

2. The State Commission for Preventing Corruption decided that in the case of the employment of the son of **Mr. Cedomir Kraljevski**, the current president of the Commission for Competition Protection there is no conflict of interests. TM believes that this decision of the SCPC is contrary to the provisions of the Law on Preventing Conflict of Interests since, according to this Law, the conflict between the private and the public interests exists when the performance of the official or other action has a direct impact on the material and non-material interests of the official or the members of his/her family.

If this definition is opposed to the factual situation in the case of “Kraljevski” it is more than evident that it is a classical case of conflict of interests. Namely, one of the most important areas that are part of the competences of the Commission for Competition Protection is telecommunications where the company Macedonian Telecom SA Skopje is the leading player on the market. Under such circumstances the employment of the son of the President of this Commission at the Macedonian Telecom not only is an evident conflict of interests, but it is also a real scandal. This employment could be interpreted either as an expression of gratitude for the treatment in the past period or as an investment in the future and expecting adequate favourability of the Commission towards this company.

TM believes that the arguments presented by the SCPC stating that the Macedonian Telecom followed its internal employment procedures are unfounded in regard to the decision they made. SCPC as the competent body for implementing the Law on Preventing Conflict of Interests is obligated to consistently apply this Law, i.e. to establish conflict of interests with the head of the Commission for Competition Protection and to propose measures for overcoming this situation.

3. Transparency Macedonia in the past three years has regularly pointed out the numerous cases of conflict of interests and incompatibility of functions when appointed or elected officials are members of several Boards of Directors of public enterprises and institutions which is contrary to the Law on Preventing Conflict of interests. For example, in 2007 TM as an especially drastic example of incompatibility and illegal accumulation of funds pointed out the case of **Mr. Vladimir Zdravev**, the Director of the public enterprise MEPSO, and at the same time the President of the Council of the Municipality of Center. This illegal policy was followed also by some MPs of the ruling parties and other public officials. Even then the position of the SCPC that allegedly those were “complex cases” was unacceptable, and consequently there were no proceedings initiated by the Commission.

TM wants to welcome the latest decision adopted by the SCPC making a public warning for the individuals who hold two offices at the same time, such as the cases of Ms. Maja Mitrova Tevanovic, Mr. Atila Redzepi and Mr. Vladimir Zdravev.

The case of the “Sasa Mine”

4. After the mega scandal with “Swedmilk” and the famous **Mosche Baum** the scandal with the “Mine Sasa” followed. In the Republic of Macedonia we have a practice of suspicious investors coming in, “robbing” the Macedonian citizens, damaging the state and leaving without any consequences for them. TM wonders whether all that is possible without the support by officials in the Republic of Macedonia, having in mind that these cases have no legal finale. In the case of Swedmilk Macedonian officials were involved but no one has been held responsible for that, yet. TM suspects that for the alleged 150 million USD worth money laundering in the case of the “Sasa Mine” the suspicions will not stop only with the Russian owners and the mine’s management, but the range will be wider and the Macedonian public would not be surprised if in this affair the name of a state official appears in accordance with the practice of the politics here.

TM urges all the competent institutions to urgently resolve this case and if the suspicions for illegal activities related to money laundering are true, those involved should be held responsible.

Higher education

5. The violation of the autonomy of the Ss. Cyril and Methodius University is clearly evident from the numerous intrusions of the Government of the Republic of Macedonia through the Minister of Education. The latest violation of the financial autonomy is evident from the fact that the Government of the Republic of Macedonia adopted a Decision not only on the number of students at the faculties that are part of the Ss. Cyril and Methodius University which is provisioned with the Law on Higher Education, but this Decision also established, i.e. lowered the university co-financing fees regardless of the needs of the educational process of some of the faculty departments. In doing so with no feeling of responsibility the Minister of Education admits that the state neither has nor plans in the future to provide funds helping the faculties to cover the loss of finances that unavoidably will decrease the quality of the instruction – a consequence of the vulgar educational populism practiced by the Government of the Republic of Macedonia.

TM asks: does the Government consciously plan to destroy the Ss. Cyril and Methodius University by cutting down its funds in every possible way and by depriving them from their competences and possibilities for performing applicative activities at the technical faculties as well as by reducing the funds for co-financing the societal sciences? Does this scenario, similar to the destroying of the Clinical Centre in Skopje is aimed at destroying the biggest

and oldest university centre in the country in order to destroy the public education just like they destroyed the public health care and to replace them with the private sector? Will the state as the founder of the Ss. Cyril and Methodius University cover the bills for electricity, phone, water and everything else that have not been paid for decades; the difference in the amount of the fee that the students pay and the cost of the instruction; the real travel expenses for maintaining the instruction provided in the unnecessarily created dispersed centres; the price of the new capital investments at the faculties; the price for the state of the art computer systems and the conditions that right now are offered to the students at most of the Ss. Cyril and Methodius University faculties, etc? Or this Government will continue to illegally cut down the finances of the Ss. Cyril and Methodius University transferring the funds to the new universities that they founded? Namely, could the Government clearly respond to the question why the education reforms they implement should mean destroying the Skopje Ss. Cyril and Methodius University?

June 2010

Transparentnost Makedonija

Ul. Ferid Bajram br. 39

1000 Skopje

02/3121100

www.transparentnost-mk.org.mk