

NO. 8 year I August 2010

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MONTHLY ANTICORRUPTION MAGAZINE



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About the monthly edition



The Center for Civil Communications was established in April 2005 as a nongovernmental, nonparty, and nonprofit association of citizens. In the past five years we have been working every day on narrowing the room for corruption in Macedonia and promoting the principles of “good governance”, both on central and local level. We are focused on implementing two types of mutually related activities: monitoring and revealing corruption practices, and, on the basis of this, recommending measures and policies for narrowing the room for corruption and enhancing the ability of the journalists and the special role of the media in the fight against corruption in the country.

In the course of our everyday work, we and the experts we cooperate with arrive at numerous information regarding corruption and anticorruption practices in our country, as well as the countries in the region and the world. By publishing this monthly newsletter on anticorruption and “good governance” we want to share this information with the wider public, primarily with the representatives of the public administration, whom we consider the most responsible for the fight against corruption and establishing and respecting the principles of “good governance”.

At the same time, we offer expert analyses, which can serve as sources of ideas and examples for improving the current state with the corruption in Macedonia.

We are open for suggestions and we want you to send us your opinions, ideas, and attitudes on anticorruption topics as well as practices of “good governance”, as well as point to us corruptive practices and generally the existence of a room for corruption. This will serve us as a basis for further articulation of those practices and problems, as well as help in conducting our future anticorruption activities.

Corruption is one of the greatest evils in Macedonia, which degrades the development and the progress of the economy, society, and the people who live in it, disrupts the competition and the free operation of the firms on the market, disables the governance of the true values in life and in the work, forces the young, educated people to leave the country and enables illegal benefits and enrichment of state officials at the expense of impoverishing the other people and destroying and abusing the public goods.

Therefore, by pointing the corruption practices and offering ideas, good examples, and solutions from the country and abroad, we feel that this monthly newsletter will ultimately contribute to decreasing the corruption in the country and enhancing the “good governance”.

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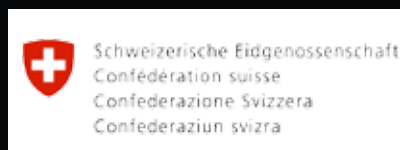
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IN THIS ISSUE

Almost hundred defendants, including former mayors, former city officials, entrepreneurs, lawyers and art dealers face possible jail terms amounting to a total of up to 500 years and fines totaling about one billion euros in Spain's biggest ever corruption trial. They are accused of corruption in approving the planning permits and selling state owned land in Marbella, a jet-set tourist resort in the south of Spain. The Spanish Prosecutor's Office needed three years to gather enough evidence and start this big-time corruption trial, which is expected to last about a year.

Over the Atlantic, Mexico's federal police agency has fired nearly 10 percent of its force this year for failing checks designed to detect possible corruption, a major obstacle in the country's battle against increasingly brutal drug gangs. Mexico's federal police are required to undergo periodic lie detector, psychological and drug examinations, and the government routinely investigates their finances and personal life. The sacking came as a result of President Felipe Calderon's all-out war against the drug cartels, which has left some 28,000 people dead since he came to power in December 2006.

In Bosnia and Herzegovina – EU High Representative openly said the corruption has entered all pores of the society and called on the citizens to take this fact into account at the next voting.

In addition, we also provide journalistic analysis of the failure of Macedonian authorities to fully utilize the domestic and international funds and donations for reconstruction of schools, pinpointed in the latest auditing report of the Ministry of Education and Science.

We also present the main remarks to the public procurement process in the country, registered in the public procurement monitoring which was conducted by the Center for Civil Communications in the past two years. The monitoring not only highlights the weaknesses and possible abuses in the public procurement, but also serves as a basis for developing recommendations for improving the situation. The recommendations are then disseminated to all competent institutions in the country.

Corruption is also a major problem in neighboring Kosovo, where the analysts are now focused on the announced sale of the state telecommunication operator. The main problem lies in the selection of consulting company, which in the country of its origin is under governmental supervision for previously detected irregularities.

Working teams comprised of mayors in four municipalities in eastern Macedonia work on implementing the recommendations for improving the transparency, accountability and responsibility of their work and increasing the participation of citizens in decision making process in the local communities.

At the end of this issue, you will find a bricolage of posters from anti-corruption campaigns from several countries in the world. Although they all have the common denominator – preventing corruption, the illustrations depict the specific features of the fight against corruption in these countries.

We hope that this issue of the anti-corruption newsletter will make you think of the types and manners for preventing this evil in our country.



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SPAIN'S BIGGEST-EVER CORRUPTION TRIAL OPENS

Malaga (Spain), Sep 27 (DPA) Spain's biggest ever corruption trial began Monday, with 95 people accused of involvement in massive bribery in the southern tourist resort of Marbella.

The defendants include two former mayors, an ex-deputy mayor, former city officials, entrepreneurs and lawyers.

The city council routinely issued illegal building permits in exchange for kickbacks, the prosecution will argue.

Police cordoned off the court building while some 300 journalists and about 100 lawyers were arriving to attend the trial in Malaga.

Rocio Amigo, lawyer for former Marbella urban planning advisor Juan Antonio Roca, requested the suspension of the trial, but the court rejected the request.

Roca, the alleged mastermind behind the corruption network, is charged with accumulating a fortune worth about 245 million euros (\$330 million) while working for the Marbella city council from 1992 to 2003.

Corrupt officials working with Roca allegedly allowed entrepreneurs to build on protected land, to erect buildings which did not meet the required standards, to buy municipal land for miniscule



prices and to obtain contracts without appropriate bidding proceedings.

Roca is the only one among the 95 defendants attending the trial who is currently in prison. Three other accused are on the run.

Lower-level suspects who are being investigated separately include Isabel Pantoja, one of Spain's most popular singers. She is suspected of laundering money on behalf of Julian Munoz, one of the main accused, with whom she started an affair while he was Marbella mayor.

Police uncovered the corruption ring in what is known as the Operation Malaya in March and April 2006. That prompted the Spanish government to dissolve the Marbella city council and to appoint a caretaker authority to run the city until the 2007 local elections.

The main defendants in the Marbella corruption case face prison sentences of 10 to 30 years. All of the accused face jail terms amounting to a total of up to 500 years and fines totaling about four billion euros.

The trial was expected to last at least a year.

WIDESPREAD CORRUPTION IN THE SOCIETY

Banja Luka (Tanjug, B92) – High Representative for Bosnia and Herzegovina Valentin Inzko says the corruption in Bosnia and Herzegovina has entered all pores of the society and the citizens should pay attention to this at the next elections.

The situation in BiH, according to the index of perception of corruption conducted by Transparency International (TI), has deteriorated in the last two years, discouraging many foreign investors and contributing to growing poverty amongst the population, Inzko said in his opening address at the anti-corruption initiative "Citizens for Europe" organized by 34 NGOs and 19 political parties.



„Corruption has entered into every pore of society as a ‚cancer‘ and we need to fight against it,” said Inzko.

In the past six months, the research team of the initiative developed recommendations for combating corruption, which is one of the main preconditions for Bosnia's integration in Europe.

MEXICO HAS FIRED 10% OF FEDERAL POLICE IN 2010

(AP) Mexico's federal police agency has fired nearly 10 percent of its force this year for failing lie detector tests or other checks designed to detect possible corruption, officials said Monday.

Mexico's approximately 35,000 federal police are required to undergo periodic lie detector, psychological and drug examinations, and the government routinely investigates their finances and personal life.

Federal Police Commissioner Facundo Rosas said 3,200 officers have been dismissed this year for failing to meet the agency's standards. He did not give more details.

The fired agents are barred from taking jobs in any other security force — a recurring problem that Mexican governments have vowed to solve for many years. Another 1,020 federal police are facing unspecified disciplinary measures.

Police corruption at all levels is widespread in Mexico, which is mired in an intensifying conflict with brutal drug cartels. Police are often found to have been involved in cartel attacks, including the assassination two weeks ago of a mayor who had disciplined municipal officers in his northern town. Investigators say local officers aligned with the Zetas drug gang killed the mayor in retaliation.

Scandals have also ensnared the federal police. Two years ago, a corruption probe known as „Operation Clean House“ toppled the former anti-drug czar, Noe Ramirez, and other high-ranking police accused of protecting the Beltran Leyva gang.

Rivals of the Sinaloa cartel, which broke with the Beltran Leyvas before „Clean House,“ have sometimes accused federal officials of protecting that gang. Earlier this year, Reforma newspaper reported that a trove of papers containing the names and phone numbers of federal police officers was found in the car of an associate of Sinaloa cartel leader Joaquin Guzman during a May 2009 bust. The government has never confirmed or denied that report.

President Felipe Calderon, who has deployed tens of thousands of soldiers and federal police to fight drug traffickers in their strongholds, insists his government combats all cartels with equal force. He has pointed to the regular police tests and crackdowns such as „Clean House“ as evidence that his government is also aggressively fighting corruption. Drug violence has surged since Calderon intensified the crackdown on traffickers in late 2006, claiming more than 28,000 lives. Last week, marines discovered the bodies of 72 Central and South American migrants believed to have been gunned down by the Zetas after refusing to smuggle drugs, in what may be the deadliest cartel massacre to date. The lone survivor — an 18-year-old Ecuadorean who escaped and alerted marines at a highway checkpoint — returned to his home country over the weekend after declining a humanitarian visa that would have let him stay in Mexico, the Foreign Relations Department announced Monday. Luis Freddy Lala Pomavilla, who had been recovering from a gunshot wound under heavy police protection, flew home Sunday on an Ecuadorean air force plane. The migrants were discovered at a ranch about 100 miles (160 kilometers) from the U.S. border in Tamaulipas, a state controlled by the Zetas. Begun as a gang of hit men, the Zetas have grown into a major trafficking cartel with increasing control over migrant smuggling routes. Violence has surged in Tamaulipas and neighboring Nuevo Leon state this year since the Zetas broke ranks with their former employer, the Gulf cartel. On Sunday, gunmen killed the mayor of Hidalgo, a town near where the migrants were slain. Two weeks earlier, the mayor of Santiago in neighboring Nuevo Leon state was assassinated, allegedly by police tied to the Zetas. In June, cartel gunmen assassinated the leading candidate for governor of Tamaulipas, Rodolfo Torre Cantu, less than a week before state and local elections. The government offered a 15 million peso (\$1.15 million) reward Monday for information leading to the capture of his killers.



IS THERE VISION FOR THE SCHOOLS?



The satellite school "Toso Arsov" in the village of Cardaklija, Stip region, has been left aside for thirty years. This year, the school with only six students, with the help of the community made efforts to invest in improving the learning environment. The Ministry not only failed to invest a penny, but also remained uninterested in this small village school, which looks like a school from the last century. The children do not have toilets, but go to the privy because the village has no sewerage system. Unfortunately, Cardaklija is not the only black spot in our education that we should be ashamed of. The small schools in the villages seem to be forgotten by the people and the competent bodies, which probably have no strategy to invest any money in education.

The latest auditing report of the State auditing bureau pointed out the incompetence of the Ministry to manage the budget funds provided for construction and reconstruction of schools. The auditing report also pinpointed series of weaknesses in the education sector. For example, making deals about textbooks, bad project management, delayed plans at the cost of the education and students. The Minister of Education and Science, Nikola Todorov, bragged that this was the cleanest auditing report of the Ministry. Even if this was true, it is a fact that the education process has setbacks due to the lack of criteria and implementation plan.

Even the effects of the foreign donations given for reconstruction amounting to millions are not that evident as the bad image that one gets from visiting the schools around the country, particularly in the villages.

- So far, no one listened to our problems, says Dimitar Parakliev, director in the school in Cardaklija, which is fifty years old. This is why we decided to take the matters in our hands. We engaged the technical staff to save on the labor costs. With funding from the school and the municipality we replaced the windows and the doors and now we are doing the flooring and the ceilings, says the director, glad because the media are interested about their problems.

This school was not on the Ministry's list for reconstruction, as dozens others that were renovated with the assistance of the World Bank, Swiss Agency for Development and Cooperation, USAID or EU. This school, probably as many others, is still waiting for its chance to be renovated, but due to the shortcomings of the Ministry will not get a better look.

The latest auditing report says that the Ministry did not use the planned 30% of the funds earmarked for school reconstruction, so the money was returned in the budget and was allocated to other budget beneficiaries.

- The Ministry of Education and Science has signed most of the contracts for realization of the Program for construction and reconstruction of primary and secondary schools in June 2009. Pursuant to the Law on Execution of the Budget of RM for 2009, the budget beneficiaries are obliged to use at least 30% of the planned capital expenses until June 30, of the current year. If the use of budget funds is lower than the foreseen percentage, the unused funds (the rest of the 30%) with the rebalance of the budget are transferred for other state functions. MoES could not use the foreseen budget funds for capital expenses, i.e. to realize at least 30% of the foreseen building activities before the end of the school year, says the Auditing Report. The auditors warn that this has reduced the budget of the Ministry, bringing into question the realization of the program for school construction and reconstruction. "This may disturb the payments towards MoES for the already signed

agreements, so that MoES may be sued and pay the penalty interest rates”, reads the auditing report.

Serious remarks to the construction and reconstruction of primary and secondary schools were given in the previous auditing reports as well. In the 2007 report, the auditors said that they were not convinced in the objectivity of stated costs for construction and reconstruction of primary and secondary schools, for which 239 million denars were paid.

– The several changes to the Program for Building and Reconstruction of primary and secondary school in terms of the planned funds per school and the selection of schools indicate that MoES has no clear and long-term strategy for capital investments in this area, reads the report that mapped the work of the Ministry in 2007. The auditors had doubts about the entire program because the schools are reconstructed for years, while MoES selects the same contractors for performing the construction works from one year to another. There were also frequent changes in the quantities of used building materials and the dates of construction works were not stated.

The controversial policies in the Ministry are just another proof of the lack of strategy for improving the conditions in the schools. Criticized by the auditors for the weaknesses in the projects on building and reconstructing the schools, Minister Todorov announced that a financial plan is being made for school renovations. In another occasion, he told the media that 300 million denars is provided for renovation of rural schools, although the Ministry opened a tender for developing a study for construction of 108 schools in the rural areas. In fact this study should scan the situation of the schools on the ground and completely new schools would be built. Todorov explained that 108 is the number of schools at risk and the Ministry would examine whether it is better to build new or reconstruct the existing schools. It is foreseen for the rural schools to be prefabricated barracks, built as part of public-private partnerships, which means they will be built by a company and the Ministry will use them as schools paying rent for them.

Which of these visions will come to fruition it is yet to be seen. However, the public was hungry to find out which schools were renovated in the past period, what were the procedures and how many

schools remain to be renovated. From time to time, one may hear that a reconstruction was completed, but no one is aware of the general picture, not even the competent persons who send written requests to the schools asking them to describe the situation. On the other hand, the Ministry of Education has an Education Inspectorate, whose inspectors are tasked for visiting schools and reporting on their situation.

Contrary to the weary facilities, doors and windows and old toilets, the schools received the computers which are part of the project “Computer for Every Child” as well as the new lap-top computers for the pupils from first to third grade and the teachers. Macedonia may be a leader in computerization of the schools, but it is also a champion in terms of the number of old schools that seem to belong to different times. As usual, everyone is to be blamed for the situation, but the competent bodies. Minister Todorov said he would hold the municipalities responsible on how they spend the money allocated for the schools. But even this process is not implemented in accordance with the transparent criteria and is subject to auditing.

– The municipalities are responsible for establishing, financing and administrating the primary and secondary schools in cooperation with the central authorities. For financing this competence, MoES is transferring money in the form of categorical and block grants, clarifies the auditing report. However, “within their competences in education, municipalities do not apply the criteria for allocation of grants to the final beneficiaries – schools, which may bring to not objective and not transparent allocation of funds per user”. The auditors assessed this as flaw in the system, casting doubts to the manner in which the mayors transfer money to the schools and whether they do this according to their “likes”.





MONITORING OF PUBLIC PROCUREMENT

From November 2008, the Center for Civil Communications (hereinafter: CCC) from Skopje has continuously analysed the implementation of public procurements in the Republic of Macedonia as regulated under the Public Procurement Law. The analysis aimed to assess the implementation of public procurements in the light of the new Public Procurement Law and the application of basic principles of transparency, competitiveness, equal treatment of economic operators, non-discrimination, legal proceeding, cost-effectiveness, efficiency, effectiveness and cost-effective public spending, the commitment to obtain the best bid under most favourable terms and conditions, as well as accountability for the public procurements implemented.

The analysis of the public procurement process in the Republic of Macedonia was performed based on the monitoring of randomly selected sample of public procurement procedures (40 per quarter). Monitoring activities start with the publication of calls for bids in the “Official Gazette of the Republic of Macedonia”, followed by attendance on public opening of bids and data collection on the procedure course, and use of in-depth interviews and structured questionnaires submitted to the economic operators, as well

as data obtained from contracting authorities by means of freedom of information (FOI) applications.

The present analysis was performed based on monitoring of selected sample of 40 public procurement procedures implemented by central and local level contracting authorities, whose public opening was performed in the period April-June 2010.

In compliance with the stipulated methodology, monitoring was performed on 25 procedures implemented by central level contracting authorities and 15 procedures implemented by local level contracting authorities, notably by the municipalities Bitola, Prilep, Ohrid, Struga, Kicevo and by the public enterprises established by them.

KEY FINDINGS

Decreased interest on behalf of companies to participate in public procurements. Only one or two companies submitted bids in as high as 40% of procedures monitored. Thus, competition, which is one of the basic preconditions for efficient and cost-effective public spending, has been only seemingly secured.

Every fourth tender is annulled. Worrying is the fact that, in average, the number of companies participating in the procedures annulled is twice as high compared to the number of companies participating in the procedures where the selection of the most favourable bid was made.

Disputable elements are used in the selection of the most favourable bid. Despite all warnings and indications, in the selection of the most favourable bid the contracting authorities continue to use elements which often fail to secure cost-effective and efficient public spending, but rather provide the possibility to select the favoured bidder.

Certain bidders are favoured by means of tender document development. Some technical specifications from the monitoring sample provide open references to particular products or bidders by including detailed descriptions of products to be procured and by listing manufacturers' names.

Increased use of non-transparent procedures for signing direct public procurement contracts without published call for bids. In the second quarter of this year, a total of 172 such contracts were signed in the amount of 6.1 million EUR, which is by 49% more compared to the same period last year when 231 contracts of this type were signed in the total amount of 4.1 million EUR.

Only 4.2% of all procedures were fully implemented via the electronic system, while around 12% of procedures used e-auctions. The Electronic Public Procurement System (hereinafter: EPPS) which has a particularly important role in increasing the transparency of public procurements is still underutilized, while many contracting authorities are far from attaining the law-stipulated target of 30% e-auctions.

Detailed notifications on the selection of the most favourable bid are not submitted to companies. Despite their legal obligation to submit the companies detailed notification as regards the selection of the most favourable bid (within the legally stipulated deadline of 3 days), the said notification includes only the name of the economic operator whose bid was selected.

Decreased requirements for tender document fee payment. Significant progress was noted compared to the previous year when in the same monitoring period tender documents were distributed free-of-charge in only 12.5% of procedures, contrary to the present 55%.

Decreased requirements for bank guarantees. Bank guarantees were required in 42.5% of procedures included in the monitoring sample, which indicates a decreased, although insignificant, practice on behalf of contracting authorities to request bank guarantees from economic operators for the bids submitted.

Higher share of decisions taken by the State Commission on Public Procurement Appeals (hereinafter: SCPPA) on full annulment of procurement procedures. In the first half of 2010, SCPPA more frequently took decisions to fully annul public procurement procedures compared to the previous year, which indicates that contracting authorities continue to violate and abuse the Public Procurement Law.

RECOMMENDATIONS

The trend of decreased competition should be in the focus of a thorough research carried out by the BPP and aimed to determine the share of public procurement procedures with small number of bidders. In that, taking into account that stronger competition would result in lower prices and better quality of products and services purchased by contracting authorities, the competent institutions must eliminate the barriers that prevent greater participation in public procurements, as identified by the companies.

Contracting authorities should refrain from using the perfidious manner of favouring certain bidders by setting high criteria as regards the economic operators' economic and financial status, which are disproportional to the procurement type and scope. As the large number of annulled procedures raises serious doubts related to the misuse of legal possibilities due to unrealized expectations for the selection of the preferred bid, such events should be a signal for the competent institutions, in particular the Bureau of Public Procurements, to initiate amendments to the Public Procurement Law aimed to limit and strictly define the possibilities for procedure annulment, including sanctions in cases of misuse, thereby enforcing the law-stipulated principles of efficiency and cost effectiveness of public procurements.

Contracting authorities must refrain from using manipulative elements under the criterion "economically most favourable offer" which provide for favouring of particular bidders and

discrimination of others. These elements should be included in the tender documents under the eligibility criteria for the economic operator or as part of the technical specifications setting the standard to be met by the goods or services. When applying the criterion “quality”, the contracting authorities should list the sub-criteria thereof as part of the call for bids and provide detailed information on the manner in which this criterion will be ranked. In that context, we recommend the Bureau of Public Procurements to develop recommendations and guidelines for the contracting authorities, for the purpose of harmonized and precise definition of criteria and adherent application thereof.

Economic operators need to be encouraged to lodge appeals in front of SCPA whenever they have determined that the technical specifications provide reference to a particular commodity or vendor. This is not a common practice at the moment and companies rarely lodge appeals on disputable tender documents.

BPP should analyse the scope, the legal justification, transparency and competitiveness, and should it determine that such contracts were made for lucrative purposes, to propose amendments to the legislation so as to reduce the flexible use of negotiation procedures without call for bids. At the same time, BPP should monitor these negotiations, while the contracting authorities should be obliged to report to BPP on the procedure’s course leading to contract signing.

Despite the increased efforts to enforce this legal obligation, notably by means of continuous reminders and warnings addressed to contracting authorities, BPP should also take technical measures against the inconsistent use of EPPS for implementation of public procurement procedures. At the same time, the Government must also make more efforts to ensure compliance with the legal obligation in question.

Contracting authorities must use e-auctions and e-procurements more often, since on one hand they enable greater efficiency of procedures and budget savings, but on the other hand, their use is stipulated by law. As regards this trend, in-depth analysis is needed in order to avoid the discouraging effect of problems related to public procurements on foreign companies’ willingness to participate therein and their preference of high value procurements.

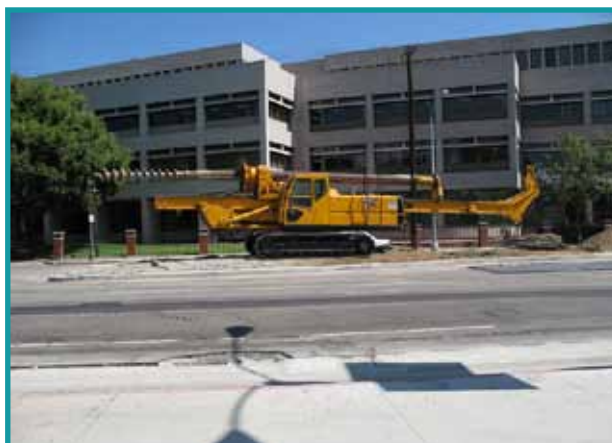
Contracting authorities to comply with Article 168 from the Public Procurement Law, which stipulates submission of detailed rationales on the reasons for the selection of the most favourable bid or the rejection of certain bidder. BPP needs to make more efforts to instruct the contracting authorities as regards their compliance with this legal obligation, for the purpose of eliminating doubts related to subjective bid-assessment and favouring certain economic operators.

BPP’s adequate response to the request for setting a legally stipulated deadline on bid selection or procedure annulment decision-taking should be accompanied with greater vigilance on behalf of contracting authorities to accelerate decision-taking and prevent delays in public procurement procedures.

The number of tender documents published via EPPS and tender documents that do not imply fees should be further increased. BPP should continue to supervise, guide and prevent those contracting authorities that tend to charge high tender document fees, which do not correspond to their actual costs incurred for the tender organization.

Bank guarantees should not be defined as a formal requirement for participation in public procurement procedures, while in cases when guarantees are required they should be set in a value lower than the law-stipulated threshold of 3%.

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INCREASED PARTICIPATION OF CITIZENS IN THE MUNICIPAL DECISION MAKING

Four municipalities from east Macedonia, Stip, Strumica, Vinica and Sveti Nikole, were working in the past several months on implementing the recommendations for promoting their work, suggested by the USAID project on transparent work. There are total of 44 recommendations aimed at increasing the transparency, accountability and responsibility of these local governments and will also provide mechanisms and practices for increased participation of citizens in the decision making process in their municipalities. The recommendations vary from one municipality to another. The basis for their creation are the findings from the survey of the current practices in these municipalities, as well as the series of debates, visits to the municipalities and talks with the representatives of the municipal administration. Special emphasis in the recommendations is placed on promoting the practices which were subject to most complaints from the citizens, businessmen and non-governmental organizations in these municipalities.



The third set of recommendations requires from the municipalities to establish a working body or to open job position which will increase the transparency, accountability and responsibility of the municipality.

The scope of the recommendations

Generally, the recommendations may be divided into three groups. The first group is aimed at improving the dissemination of information to citizens in terms of providing easier access of the citizens to the information on the services, including the documents required for obtaining these services, the deadlines and the prices. Although each of the four municipalities provided this information, or at least some of them did in different ways, the citizens still have difficulties to access this information, which is either not published in full or is not easy accessible, or is not easy comprehensible. In some of the recommendations from this group, it is required from the municipality to post more beneficial information for the local community on their web site. The next set of recommendations refers to creating and improving the working procedures either for the municipal services offered to the citizens, or proceeding in cases of complaints of the citizens.

Support from the mayors

In each of the aforementioned municipalities a team was established to implement the recommendations, mainly comprised of heads of municipal departments. The teams consist of different number of people in each municipality, depending on the number of recommendations to be implemented, the scope of activities to be realized and the available capacities of the municipality. The number of people in the teams is between four and seven. In any case, the team members in every municipality are part of the larger groups trained for promoting the working practices. The desire and commitment for improving the work of each of the municipalities participating in the project is seen in the full support provided by the mayors in implementing the recommendations. The composition of the working teams and their work is directly supported by the mayors that have personally made and signed the decisions for establishing the teams and constantly monitor their work.



The implementation phase

Having in mind that each municipality implements different practices as well as that the satisfaction of the citizens, businessmen and NGO members from the municipal administration varies, the recommendations also differ from one municipality to another. Hence the different level of implementation in the first few months since these recommendations were provided to the municipalities and the working teams were established. The snapshot of the first three months of their work indicates that all municipalities are on a good path to fully implement the recommendations. Understandably, the first recommendations to be implemented were those depending on the engagement of the employees and allocation of more of their working time for them. Now, the municipalities should implement the recommendations including development of strategies and plans for certain processes and activities or those which require decisions on hiring new staff. Particularly, in the part of developing strategies and standardizing certain working procedures, the team members will be assisted by the project representatives, three partner organizations: NGO Info Centar, Center for Civil Communications and Educational-Humanitarian Organization EHO. The monitoring of the implementation of the recommendations is done by the local non-governmental organizations which are active in each of these municipalities, the Women's Organizations in Strumica and Sveti Nikole and INI from Vinica.

Follow-up Activities

The end of the year will mark the finalization of several project activities. First, each municipality will organize meetings with the stakeholders

- municipal administration, businessmen, non-governmental organizations and citizens. They will summarize the results of the municipal work in 2010 in terms of their accountability towards all stakeholders. Then, the municipal working teams will share their experiences from implementing the recommendations and in general from the work of their municipality. The idea is the good practices from one municipality to be replicated in the others as ready-made solutions to be implemented immediately with some adjustments to the local context. The annual activities will end with publication presenting the current practices in the municipalities and the best practices from the four municipalities to be implemented in the other municipalities in Macedonia. At the end, the satisfaction of the citizens will be measured and will be compared with their satisfaction measured in December last year. The satisfaction is measured through specially designed index including 13 indicators.

The increased satisfaction would mean that the municipalities are more transparent, more responsible and more accountable in their work and that they involve the citizens, businessmen and civil society organizations in making decision important for the community and the local life.





LOBBY CONTRACT BREAKS

KOSOVO LAW ON TENDERS

Pristina's decision to take on the top US firm Patton Boggs, without considering rival bids, flouts Kosovo's own laws on tendering.

Lawrence Marzouk and Petrit Collaku,
Balkan Insight

Kosovo's government has awarded a lobbying contract worth 600,000 euro a year without a tender process, *Balkan Insight* has discovered.

The decision to hand the one-year lucrative deal to one of Washington's top lobby firms, Patton Boggs, appears blatantly to breach the law on public procurement.

By law, the Office of the Prime Minister, which is leading the process, should have gained permission from the Public Procurement Agency, PPA, before awarding any such deal.

As it had decided to negotiate the price with only one firm, the Office of the Prime Minister should have applied to the PPA with documents demonstrating why only one firm could supply the services.

Only then, according to law, would the government have been allowed to begin negotiations with a specific lobby company.

On October 5, the government issued a decision that it was allocating the 50,000-euro-a-month contract to Patton Boggs to "promote and protect the interests of the institutions of the Republic of Kosovo abroad".

The head of the PPA, Mursel Racaj, told *Balkan Insight* that he was not aware the deal had been awarded. "I don't have any information on this case," he told *Balkan Insight*. "I don't recall anything about this particular contract".

Racaj was unable to identify any documents in his agency relating to the deal, while confirming that the PPA needed first to agree to any awards of negotiated contracts.

Government spokesman Memli Krasniqi told *Balkan Insight* on Tuesday that the government was allowed to use a "single source" tender process, in which only one company is allowed to bid, and that the deal would be signed "in days". He maintained that the deal was good news for Kosovo. "This is what we need as a country and as a government," he said.

Asked whether the government had followed due process before agreeing to the deal, he advised *Balkan Insight* to contact the legal department of the Ministry of Economy and Finance, saying they were “responsible for funding the project”.

The head of the legal office at the Ministry of Economy, Lulezim Rafuna, then told *Balkan Insight* to contact the legal office of the Prime Minister’s office. “We don’t have anything to do with this matter,” Rafuna insisted.

The head of the legal office at the Prime Minister’s office then told *Balkan Insight* to speak to the procurement department.

The Office of the Prime Minister’s head of procurement, Isa Hajdari, then requested we speak to the government’s spokesperson, Memli Krasniqi.

When *Balkan Insight* spoke again to Krasniqi on Thursday, having informed him that the PPA had not received any request to waive the usual tender process, he said the government had not, in fact, yet given the contract to the company. It had only “made a suggestion about cooperating with them”.

“No decision is made yet, and the contract is not signed yet,” the spokesman added.

However, claims that the government was only “cooperating” with Patton Boggs appear to contradict the government’s own press release, issued following its meeting on October 5.

This stated that the government had “decided to engage the company Patton Boggs LLM”.

The official report of the meeting lists one of its decisions as “agreeing to pay Patton Boggs 50,000 euro a month for its services”.

Avni Zogiani, head of the anti-corruption NGO Cohu, said he was not surprised that the government was flouting the law.

Tenders and contracts for international consultants are often strongly influenced by political considerations, he said.

“The government appoints lobbyists that they owe for helping them come to power,” Zogiani told *Balkan Insight*.

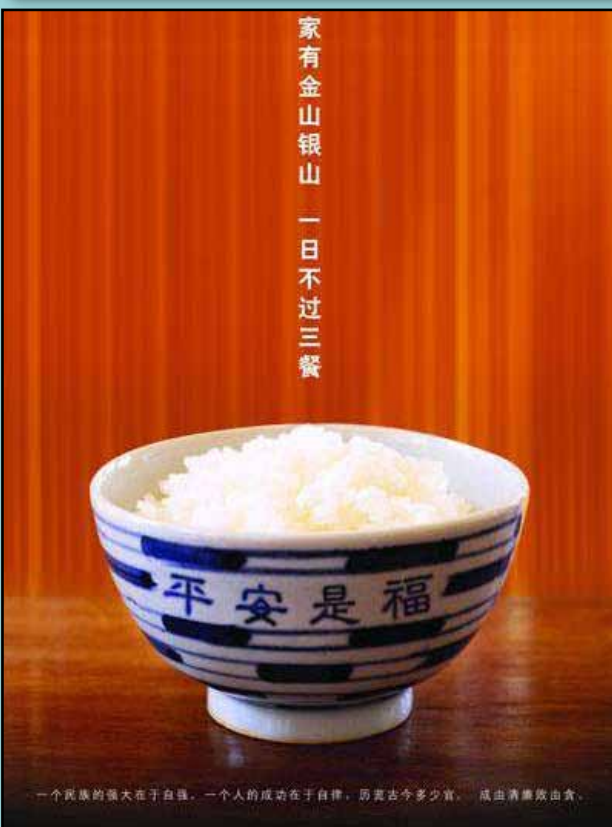
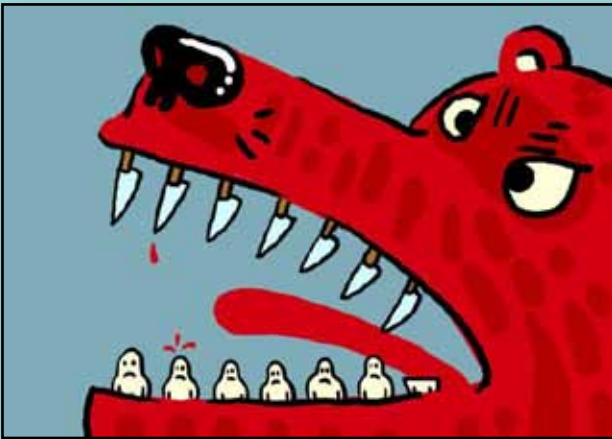
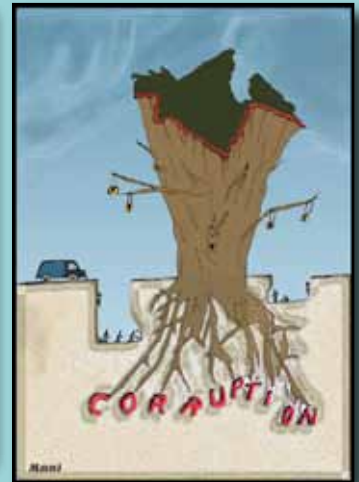
An expert on Washington lobby firms told *Balkan Insight* that while 50,000 euro a month was not excessive for such a top firm as Patton Boggs, an open tender process would have resulted in a number of good companies coming forward with lower offers.

Patton Boggs’ foreign affairs adviser is Frank Wisner. The former US Secretary of State under George Bush, Condoleezza Rice, appointed Wisner as the US’s special representative to the Kosovo Status Talks in 2005, where he played a crucial role in negotiating Kosovo’s independence.

There is no suggestion that Patton Boggs acted inappropriately in obtaining the contract.



ANTI-CORRUPTION CAMPAIGNS



About the Center for Civil Communications

The Center for Civil Communications is a non-governmental, non-profit and non-partisan association of citizens, with a mission to improve and develop the communication among all factors in the society of the Republic of Macedonia about the processes of wider societal importance as well as to monitor, analyze and promote the social-political and economic processes in the country, mostly in the field of anti-corruption, local government and economic development.

The Center for Civil Communications fulfills its mission through organization and implementation of surveys, analyses, monitoring, training, seminars, roundtables as well as publishing of reports, publications and manuals.

In the past five years, the Center for Civil Communications has focused its work on two sets of interrelated activities: monitoring and discovering the corruption practices and based on this providing recommendations on the measures and policies for reducing the corruption and capacity building of journalists and media for fulfilling their special role in the fight against corruption in the country.

The most significant activities that have been implemented include the following:

Project on Transparent Local Governance (2009-2012)

The project develops mechanisms for increasing the transparency, accountability and responsibility of local governments in Macedonia, encouraging the participation of citizens and local business community in the decision making process in the local government and sharing the best practices and experiences among the municipalities in the country and the region. The project activities will contribute for reducing the level of corruption in the local community and increasing the trust of the citizens and business representatives in the local authorities. The project is implemented in partnership with the non-governmental organizations: EHO from Stip and NGO Info Center from Skopje and is funded by the USAID Macedonia.

Monitoring of Public Procurement on Central and Local Level (2008-2010)

The project analyses the implementation of public procurement procedures and system in the country in light of the new Law on Public Procurement, from the aspect of transparency, competitiveness, equal treatment of economic operators, non-discrimination, legal, economic, efficient, effective and rational use of budget funds, getting the best offer under the most favorable conditions and accountability for the funds spent during the public procurement process. Total of 160 randomly selected public procurement procedures are monitored and analyzed on annual level, through direct monitoring of opening the offers, in-depth interviews with the bidders and the institutions that open the tenders, gathering information from the Public Procurement Bureau and other involved institutions. The results of the monitoring include recommendations for promoting the public procurement process. The project is funded by FOSIM.

Enhancing the Role of Media in Fight against Corruption (2008-2009)

The project promotes the journalistic standards on researching and reporting corruption and builds the capacity of media on fulfilling their role in the fight against corruption. The starting point is an in-depth analysis of the way in which the Macedonian media report on corruption and identifying the main weaknesses in this reporting. Based on this, recommendations are developed for promoting the journalistic standards. The implementation is through training of 12 investigative reporters from leading media in the country. These activities will contribute for overcoming one of the main problems detected in the National Strategy on Reducing Corruption – inappropriate media coverage of corruption. The project is funded by USAID Macedonia.

Measures for Reducing Corruption in Macedonia (2007-2008)

After the first phase of the project identified the most vulnerable areas of corruption in Macedonia, this project has developed and recommended total of 156 specific measures that should be undertaken in order to narrow the space for corruption. The project included comparison of the best practices in the other countries, series of workshops where experts and representatives of the stakeholders discussed and proposed ways to narrow the room for corruption, prioritize the measures and sending them to the competent institutions and media for monitoring their implementation. Most of the measures were implemented, particularly those for granting higher independence to the second instance National Commission for Complaints on Public Procurement, which was transferred from the auspices of the government to the Parliament, the independent legal status of the Public Procurement Bureau, which is no longer under the Ministry of Finance, etc. The project was funded by the Balkan Trust for Democracy.

Reduction of Corruption: Exchange of Experience and Good Practices in Investigative Reporting between the Journalists from Macedonia and Romania (2008-2009)

In partnership with the Romanian Center for Investigative Reporting, 10 investigative researchers from Macedonia were trained from the leading Romanian trainers in investigative reporting about the advanced techniques of investigating journalism. After the training, the journalists had an opportunity to be in the Romanian media where together with their colleagues from Romania worked on investigative stories, which were published in the Macedonian media. As a result of the project, a network of investigative reporters was established within the Center for Civil Communications. The project was funded by the East-East program.

Series of trainings for journalists from local media on investigative reporting and reporting on the local government (2008)

The Center delivered 4 regional trainings for 30 journalists from the local media on strengthening their capacities and abilities for researching and reporting on the work of the local government in light of the increased competences of the local authorities, which also increased the role of local media in reporting on the issues of the interest of local citizens. The project resulted in developing a Manual on Journalist Reporting for the representatives of the local media in Macedonia. The project was funded by the USAID Macedonia local government activity.

In addition, the Center for Civil Communications in the past period has published a series of Corruption Reports in Macedonia (2005 and 2006), supported by the Balkan Trust for Democracy, trained the members of entire newsrooms from 16 local TV stations from throughout the country on reporting the issues of local interest, through the support of the US Embassy to Macedonia, participated in the expert team that developed the three-year National Strategy on Combating Corruption, and was a member of the Committee that granted the good governance award in Macedonia, etc.