



**REPUBLIC OF MACEDONIA
STATE COMMISSION
FOR PREVENTION OF CORRUPTION**



ANNUAL REPORT

**ABOUT THE WORK OF THE
STATE COMMISSION FOR PREVENTION OF CORRUPTION
IN 2010**

March 2011

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INTRODUCTION

Dear all,

The report about the work of the State Commission for Prevention of Corruption in 2010, which you have before you, arises from the competences established in the Law on Prevention of Corruption and the Law on Prevention of Conflict of Interest. The implementation of these two laws is under the jurisdiction of the State Commission for Prevention of Corruption (hereinafter in the text: STATE COMMISSION). The report presents the work on each of the segments under the jurisdiction of the State Commission and provides a complete overview of the work and activities of the State Commission in 2010.

The Report about the work of the State Commission for 2010 (hereinafter in the text: REPORT), objectively presents the results, as well as the problems that the State Commission faced during the reporting period.

By submitting this report to the Parliament of the Republic of Macedonia and submitting it to the president of the Republic, the Government of the Republic of Macedonia and the media, in fact the State Commission fulfills the legislatively mandated obligation specified in the laws for prevention of corruption and prevention of conflicts of interest. The constructive criticism that would be received from the Parliament of the Republic of Macedonia and the criticisms from the public, whether positive or negative, would be welcomed by the State Commission and will serve as guidelines for its future work. The State Commission, considering the work performed in 2010, expects acceptance of this Report which would be of great importance for strengthening its role and position in the country.

The items presented in this Report have been achieved with full personal, professional and expert integrity, with continuous efforts and proactive engagement of the members of the State Commission and its Secretariat. All of this was done in a setting of material and financial difficulties that have accompanied the work of the State Commission for years, and especially in 2010.

I. STATE COMMISSION FOR PREVENTION OF CORRUPTION

I.1. BACKGROUND INFORMATION

The State Commission is responsible for implementing the Law on Prevention of Corruption and the Law on Prevention of Conflicts of Interest. The State Commission is also responsible for supervising lobbying in accordance with the Law on Lobbying.

With the changes and additions to the Law on Prevention of Corruption which came into force in November 2010, unlike in the past, the members of the State

Commission will perform their function full time and professionally. The number of members of the State Commission shall remain the same, which means seven members appointed by the Parliament of the Republic of Macedonia, with a term of office of four years, unlike in the past when the term of office was five years. The changes also establish the right to a reappointment, unlike in the past when this was not possible.

For the first time since the establishment of the State Commission in 2002 the office will involve full time professional engagement. Time will tell whether this will increase the proactivity and recognition of the State Commission, which was the reason for instituting these changes.

The professional, administrative and technical matters in support of the State Commission shall be performed by its Secretariat. The Secretariat employs 16 civil servants. In accordance with the acts for organization and systematization, a total of 41 work posts have been envisaged. This means that now the Secretariat of the State Commission is not sufficiently staffed. This needs to be remedied in the future in order to increase the quantity and quality of the overall work of the State Commission. This is also corroborated by the complex competences of the State Commission in the field of preventing corruption and conflicts of interest, as well as the comparative experiences from related institutions from other countries.

Considering the professional development and training, the staff in the Secretariat of the State Commission participates in various domestic and international trainings, seminars and other workshops, which increases their professional potential.

I.2. BUDGET OF THE STATE COMMISSION

The State Commission began 2010 with a budget of 17.450.000 MKD. In June 2010 there were changes and additions to the Budget of the Republic of Macedonia, which had an effect on the Budget of the State Commission which was reduced by 3,377,000 MKD. When the Budget of the State Commission was revised and adapted, among other things reductions were made to the funds in the line that is used to provide the legislatively specified monthly wages to the members of the State Commission by 1,500,000 MKD. This reduced amount of finances was sufficient to pay the wages to the members of the State Commission until August 2010, not considering that funds from this line are also used to pay for other things related to current operations. On top of that, the reduction to the line for utilities, communications and transport, contributed to seriously destabilizing the current operations and functioning of the State Commission.

The State Commission, due to lack of funds in the other lines of its budget, was not able to utilize the legislatively mandated possibilities to reallocate funds, stipulated in article 33 of the Law on Budgets. Having in mind this situation, the State Commission publicly reacted and pointed to the seriousness of the problem, which had a strong

impact on the normal functioning of the State Commission. This led to a series of communications and meetings with representatives from the Ministry of Finance – Budget and Funds Department. The result from these meetings was an agreement to prepare information about the situation of the budget of the State Commission. This information was submitted to the Government of the Republic of Macedonia with a request to provide funds for both lines indicated above.

The Government of the Republic of Macedonia enacted a conclusion whereby the State Commission was provided funds in the amount of 1,900,000 MKD in October 2010, which was sufficient to cover the current expenditures for utilities and the wages for the members of the SCPC until the end of 2010.

Therefore, the Budget of the State Commission for 2010 was realized in the amount of 15.818.587 MKD or 99 %.

II. IMPLEMENTATION OF THE LAW ON PREVENTION OF CORRUPTION

II.1. THE STATE PROGRAM FOR PREVENTION AND REPRESSION OF CORRUPTION

The first legislative competence of the State Commission is the preparation and enactment of state programs as strategic documents for combating corruption on national level for a specific period of time.

The State Commission during 2010 actively worked on monitoring the realization of the State Program for Prevention and Repression of Corruption 2007-2011. The institutions responsible for implementing the measures and activities determined in the State Program submitted information about the status of the realization of their activities. After having updated and processing the received data, an analysis of the activities and the activity indicators has been performed. Based on this analysis reports for each pillar have been prepared as well as for each segment of national integrity specified in the State Program.

The reports provide an overview of the level of realization of the activities and they were presented on the Annual conference for evaluation of the implementation of the State Program that was held in June 2010 in Skopje. The annual conference was organized with financial support from UNDP in Macedonia. The participants in the conference included representatives from the institutions involved in the process of monitoring the realization of the activities in the State Program from the legislative and executive branches of government, the judiciary, local self-government, media, nongovernmental sector, as well as representatives of the international community in the Republic of Macedonia.

The annual conference for assessment of the implementation of the State Program for Prevention and Repression of Corruption and the active participation of

the people attending the conference gave rise to the following conclusions and recommendations.

CONCLUSIONS

1. Out of the envisioned 140 activities in the State Program for Prevention and Repression of Corruption, for the period from May 2007 to April 2010, 102 activities were realized or 73%. Of this number 75 activities have been completely realized or 54% and 27 activities have been partly realized or 19%. Considering that by the end of the final deadline for realization of the State Program, it is expected that the partly realized activities will be completely realized, it can be concluded that the level of realization of the activities is satisfactory, which is a confirmation of the expressed institutional and political will to implement the State Program.
2. Out of the envisioned activities 34 activities or 24% have not been realized and 4 activities or 3% are cross-cutting. Several problems have been identified as reasons for failure to realize certain activities. These include: large number of institutions involved in the realization of activities; some activities have not been defined precisely; and for some activities there was no sufficient will for realization.
3. The biggest percentage of realized activities is in the area that includes the law enforcement agencies/supervisory bodies where 86% of the envisioned activities were realized.
4. Some activities of normative nature, in the area of political system and judiciary, have not been realized within the guidelines specified by the State Program.
5. In the area of public administration and local self-government, the activities of normative nature that have an influence on the realization of the other tasks, have been realized. Still, some activities, such as the reduction of the discretionary rights by revisiting all relevant laws and removal of overlapping competences, have not been realized.
6. In the area of the economic and financial system and the private sector, the activities involving enactment of new laws and legislative changes that have an impact on the realization of the other activities have been realized.
7. Progress has been made in the realization of the activities in the area of civil society, media and unions, especially after the enactment of the legislative framework that regulates the issue of the establishment and the status of associations and foundations. Still there is no realization of the activities aiming at legislatively regulating the printed media, disallowed media concentration of power, aiming at establishing a code of ethics for the civil sector as well as introducing legal protection for the journalists that work in the area of investigative journalism.
8. The cooperation for realization of the State Program between the State Commission for Prevention of Corruption and the institutions responsible for implementing the activities from the State Program, through an open

communication and realization of the obligation to submit data has been proven to be successful.

9. The State Commission for Prevention of Corruption should start preparing an operational plan for enacting a new State Program, with all necessary elements.

RECOMMENDATIONS

1. In the upcoming period, the institutions leading the activities should intensify the realization of the activities that have not been realized, especially having in mind the final deadline for realization of the State Program – May 2011.
2. To analyze the activities and activity indicators where problems have been identified with respect to their realization and have that in mind when creating the new State Program.
3. At the same time, the activities that have been partly realized should be implemented in accordance with the envisioned dynamics and in accordance with the specified deadlines.
4. While preparing the legislation, one must have in mind the guidelines from the State Program and the legislative competence of the State Commission to provide opinions about proposals of relevance to the prevention of corruption and conflicts of interest should be consistently implemented.
5. In the upcoming period the State Commission should increase its efforts and encourage the legislative and executive branches of government to have a more active attitude towards the realization of the activities, especially in the area of discretionary powers and overlapping competences.
6. The State Commission should encourage the competent institutions to fully realize the envisioned legislative changes regarding media and the civil sector, as well as consistently apply the existing legislative provisions that regulate this issue.

Throughout the year the State Commission actively worked, in constant communication with other state authorities in order to monitor the implementation of the State Program for Prevention and Repression of Corruption.

II.2. ACTIVITIES FOR ENACTING NEW STATE PROGRAMS

Considering that in 2010 the realization of the activities specified in the existing State Programs for Prevention and Repression of Corruption and Prevention and Reduction of Conflicts of Interest will be exhausted, the State Commission, in accordance with its legislatively mandated competences, during 2010, has begun activities to prepare a new State Program for Prevention and Repression of Corruption

and State Program for Prevention and Reduction of Conflicts of Interests for the period 2011 – 2015. (hereinafter in the text: STATE PROGRAMS)

The process of preparing the State Programs will proceed in parallel for both areas under the competence of the State Commission, namely corruption and conflicts of interest, because the activities in these two fields need to proceed synchronously. This means that the obligation for drafting and enacting the new separate State Programs will consistently be implemented and that these programs will be joined in a single program document.

In September 2010, the State Commission enacted an Operational Plan with all the aspects for preparing the new State Programs.

The process of development of the State Programs will be realized with the support from the Secretariat of European Affairs at the Government of the Republic of Macedonia, the European Commission Delegation and UNDP - Macedonia.

In that context, in November 2010 a Memorandum of Understanding was signed between the State Commission for Prevention of Corruption and the Secretariat for European Affairs represented by the deputy president of the Government of the Republic of Macedonia responsible for European Affairs Dr. Vasko Naumovski.

According to the operational plans for work, it is envisaged to enact both State Programs and Action Plans for realization of the programs in May 2011. In the meantime, the State Programs are being developed in working groups and workshops.

II.3. PROVIDING OPINIONS ON PROPOSED LAWS OF IMPORTANCE TO THE PREVENTION OF CORRUPTION AND CONFLICTS OF INTEREST

One of the more significant competences related to the preventive role of the State Commission is the provision of opinions about draft or proposed laws upon request from the entities authorized to propose laws, in order for the State Commission to provide competent opinions about issues that could have reference to corruption or conflicts of interest as well as to preempt any such issues.

During the reporting period opinions have been provided about the following laws:

- Law on Prevention of Corruption
- Law on Quality of Agricultural Products
- Law on Construction Land
- Law on Management of Batteries, Car Batteries and Waste Batteries and Car Batteries
- Law on Postal Services
- Electoral Code of the Republic of Macedonia
- Law on Criminal Procedure
- Criminal Code of the Republic of Macedonia

Members of the State Commission participated in working groups that worked on the preparation of the changes and additions to the Law on Prevention of Corruption, the changes to the Electoral Code, changes to the Criminal Code, the Law on Criminal Procedure, the Law on Financing Political Parties etc.

II.4. ACTING ON CASES IN THE AREA OF CORRUPTION

The State Commission works on cases that refer to suspicions of corruption, formed on the basis of the Commission's own initiative or complaints received from natural persons or legal entities, including anonymous petitioners. The State Commission duly takes all cases under advisement without exceptions or exemptions, irrespective of who is the petitioner.

In 2010, the State Commission received a total of 457 complaints referring to suspicions of corruption from different areas. In the reporting period the State Commission took action with respect to 1342 cases from the field of corruption, and the finished the procedure in 1043 cases. As it can be concluded, the State Commission in 2010 intensified its casework, which was one of the recommendations from the Report of the European Commission on the Progress of the Republic of Macedonia in 2009.

Compared to the indicators from previous years, the State Commission in 2010 processes the highest number of cases from all areas. This effect was achieved due to the fact that the State Commission intensified its work and due to the implementation of the Protocol for Cooperation between 17 institutions that have competence in the area of corruption and conflicts of interest, which led to quicker and more efficient collection of required information, data and documentation.

II.5. ACTIONS OF THE SCPC IN SPECIFIC AREAS IN 2010

The number of cases from the area of corruption by specific areas is presented in the following table:

AREA	CLOSED CASES
PREVENTION OF CORRUPTION IN POLITICS	5
PREVENTION OF CORRUPTION WHILE PERFORMING PUBLIC AUTHORIZATIONS	183
PREVENTION OF CORRUPTION IN ACTIVITIES OF PUBLIC INTEREST	393
JUDICIARY	333
OTHER CASES	129
TOTAL	1043

INITIATIVES INSTIGATED IN 2010

II.6. INSTIGATED INITIATIVES FOR INITIATING CRIMINAL PROSECUTION PROCEDURES

According to the competences specified in article 49, paragraph 1, line 6 of the Law on Prevention of Corruption whereby, in the area of criminal law the State Commission has an initial role to instigate criminal prosecution procedures against elected or appointed officials, officers or responsible persons in public enterprises, public institutions and other legal entities that dispose of state capital, the State Commission filed 14 (fourteen) initiatives for criminal prosecution to the Public Prosecution Office, of which 13 (thirteen) initiatives referred to the area of prevention of corruption while performing public authorizations and 1 (one) initiative was in the area of corruption prevention while performing activities of public interest.

Instigated initiatives:

1. Acting on a case formed with reference to irregularities related to the approval of an As-Built Basic Design in Negotino, the State Commission instigated an initiative to start a criminal prosecution procedure against the former mayor of the municipality of Negotino, Gjorgji Kjimov as well as officers from the urbanism department of that municipality, because there was reasonable doubt that they have committed the crime of "Abuse of official position and authority" stipulated in article 353 of the Criminal Code of the Republic of Macedonia.

The former mayor of the municipality and the officers from the urbanism department of the municipality misused their official position and authority in a way that is contrary to article 65 of the Law on Construction, in December 2006 by invoking the clause referring to natural disasters – floods that happened in 1995 they approved a Basic Design for the reconstruction of a business building, thus enabling the investors to, illegally and without conducting an administrative procedure and without obtaining a construction permit, to reconstruct and upgrade their business building in Negotino on CP 7414 for CM Negotino which, together with CP 7418 for CM Negotino, according to the detailed urban plan for the locality "Gradski Pazar" – Negotino represents one single cadaster parcel, whereby they inflicted damages to the owner of the CO 7418.

Note: The procedure is pending in the Public Prosecution Office.

2. Acting on a case formed on the basis of Final Reports from the State Audit Office with reference to performed audits of the financial statements of the Budget of the municipality of Gostivar for 2004 and performed audits of the financial statements of the authority of the Municipality of Gostivar for 2004, the State Commission made a conclusion to submit to the Public Prosecution Office an initiative to start a criminal

prosecution procedure against the responsible person – mayor Djemail Redjepi and other responsible officers in the municipality of Gostivar, because there is a reasonable doubt that, in 2004, they committed the crimes of Abuse of Official Position and Authority stipulated in article 353 and Dereliction of Duty stipulated in article 353-c of the Criminal Code of the Republic of Macedonia, because, while representing the municipality and disposing of municipal funds and implementing public procurement procedures, they failed to use the funds legally and failed to protect the funds of the municipality and thereby acquired material profits for themselves or other persons.

Note: The procedure is pending in the Public Prosecution Office.

3. Acting on a case formed on the basis of the Final Report of the State Audit Office about the performed audit of the financial statements of the authority of the municipality of Chegrane for 2004, the State Commission enacted a conclusion to submit to the Public Prosecution Office an initiative to start a criminal prosecution procedure against the responsible person – mayor as well as other responsible officers of the former municipality Chegrane, because there is reasonable doubt that in 2004 they committed the crimes of Abuse of Official Position and Authority stipulated in article 353 and Dereliction of Duty stipulated in article 353-c of the Criminal Code of the Republic of Macedonia.

In 2004 in the municipality of Chegrane the following activities were performed:

- public procurements in the amount of 1,587,000.00 MKD, contrary to the Law on Public Procurement, without conducting an adequate public procurement procedure, without signing a contract, on the basis of receipts or by dividing the procurement among several vendors
- expenditures without proper documentation in the amount of 1,905,000.00 MKD for reconstruction of roads – laying gravel and asphalt layers on streets, patching potholes and winter maintenance of roads and some of the payments were done in cash through the treasury
- illegal, undocumented and unapproved payments of wages, allowances and official entitlements, fees for short term service contracts, payments to sport clubs, cultural and artistic associations and natural persons in the total amount of 622,000.00 MKD.

Note: Notification from BPPO-POCC that the Initiative and the attachments thereto have been submitted for further actions by BPPO Gostivar.

4. Acting on a case formed with reference to misuse of funds from the Budget of the municipality of Mogila by the mayor of the municipality Mr. Slavko Veleviski, the State Commission instigated an initiative to start a criminal prosecution procedure against the mayor because there is a reasonable doubt that he committed the crime “Abuse of

Official Position and Authority" stipulated in article 353 of the Criminal Code of the Republic of Macedonia.

The mayor of the municipality misused his official position and authority in a way whereby instead of paying his personal monetary liabilities, levied against him as a natural person by a judgment of the Basic Court in Bitola, from his personal funds, as the mayor of the municipality Mogila he enacted a decision approving the payment of his personal liabilities from the Budget of the municipality of Mogila and thus afflicted the funds of the municipal budget.

Note: Notification from the Basic Public Prosecution Office Bitola that the criminal prosecution for this case has reached the stage of relative stature of limitations. Upon a request from the State Commission, the mayor of the municipality reimbursed the funds into the budget of the municipality.

5. Acting on a case formed with reference to the final audit report of the State Audit Office about the performed audit of the financial reports for 2007 of the PE "Hygiene and Green Areas" – Kumanovo, the State Commission submitted to the Public Prosecution Office of the Republic of Macedonia an initiative to start a criminal prosecution procedure against the former acting director of the PE "Hygiene and Green Areas" – Kumanovo, Erol Bekteshi because there is a reasonable doubt that he committed the crime "Abuse of Official Position and Authority" stipulated in article 353 from the Criminal Code of the Republic of Macedonia. Through the misuse of his official position and authority he enabled illegal use of funds in 2007 thus inflicting damages to the funds of the public enterprise by allowing public procurements of goods contrary to the provisions stipulated in the Law on Public Procurement, employment of people contrary to the Law on Employment and the illegal use of the special and passenger vehicles of the public enterprise.

Note: Notification from the Public Prosecution office of the Republic of Macedonia that the initiative was submitted to the Basic Public Prosecution Office for Prosecuting Organized Crime and Corruption for further competent action.

6. Acting on a case, formed on its own initiative with reference to information published in the media about ongoing construction works in the municipality of Shuto Orizari – Skopje in spite of the fact that the procedure for selection of an economic operator to perform the civil works was still pending, the State Commission submitted to the Public Prosecution Office of the Republic of Macedonia an initiative to start a criminal prosecution procedure against the mayor of the municipality of Shuto Orizari – Skopje, Mr. Elvis Bajram and other officers within the local self-government responsible for conducting public procurement procedures, since there is reasonable doubt that they committed the crime of "Abuse of Official Position and Authority" stipulated in article

353 of the Criminal Code of the Republic of Macedonia, because the mayor used his official position and authority in a way that allowed, contrary to the laws, the performance of civil works in the center of the municipality of Shuto Orizari before the conclusion of the public procurement procedure for the election of an economic operator, and the officers responsible for conducting public procurement procedures and the mayor of the municipality conducted a procedure for selection of an economic operator for the performance of civil works, contrary to the Law on Public Procurement, thus allowing the selecting economic operator to acquire illegal profits.

Note: Notification from BPPPO – Skopje that a request for collection of necessary notifications has been submitted to the MOI – SOI Skopje, Department for Economic Crime.

7. Acting on a case indicating that the former mayor of the municipality Arachinovo, Muzafer Beslimi, during the period 2005 – 2009, while performing the office of the mayor, has been illegally paid a monthly lump sum from the account of the municipality of Arachinovo, the State Commission made a conclusion and submitted it to the Public Prosecution Office of the Republic of Macedonia to initiate a criminal prosecution procedure against the former mayor of the Municipality Arachinovo Muzafer Beslimi, because there is reasonable doubt that, in the period 2005 – 2009, while he performed the office of the mayor of the municipality Arachinovo, he committed the crime of Abuse of Official Position and Authority stipulated in article 353 and Dereliction of Duty stipulated in article 353-c of the Criminal Code of the Republic of Macedonia by allowing the enforcement of an illegal decision made by the Council of the Municipality to use funds of the municipality and thereby acquiring illegal material profits for himself.

Namely, with the decision to determine the lump sum fee to be paid to the council members, the president and the mayor of the municipality of Arachinovo, as well as the members of the commissions and other working bodies of the Council of the Municipality of Arachinovo for 2005, enacted by the Council of the municipality of Arachinovo, a lump sum fee in the amount of 12,000.00 MKD has been determined for the mayor. This decision, in particular the part that determines the lump sum fee for the mayor, is contrary to article 52 paragraph 8 of the Law on Local Self Government which stipulates that the mayor shall perform the office in a professional capacity.

The mayor, although obligated to do so, failed to act in accordance with article 51 of the Law on Local Self Government, in particular with reference to controlling the legality of the regulations enacted by the council of the municipality and allowed the enforcement of this illegal decision not only during the year to which the decision refers, but also continuously until the end of his term of office as mayor. As a result, the mayor received funds of 550,000.00 MKD in lump sum fees paid from the account of the municipality of Arachinovo.

Note: Notification from the Public Prosecution Office of the Republic of Macedonia that this initiative was submitted to the BPPO – Skopje for further competent action.

8. Acting on a case formed on its own initiative and because of information published in the public media about excessive expenses paid for a public relation strategy for the former president of the Republic of Macedonia, Branko Crvenkovski during the period 2007 – 2009 and possible misuse of state funds for the purposes of a campaign and possibly getting a second presidential term of office, the State Commission submitted an initiative to start a criminal prosecution procedure against Mr. Branko Crvenkovski, former president of the Republic of Macedonia as well as responsible persons from the Cabinet of the President because there is a reasonable doubt that they committed a crime of Abuse of Official Position and Authority stipulated in article 353, paragraph 3 with reference to paragraph 1 and 2 of the Criminal Code of the Republic of Macedonia. The persons indicated above, for the purposes of the Cabinet of the President of the Republic of Macedonia, during the period from 2007 to 2009, hired external consultants in order to improve public relations. Contracts for cooperation have been signed with these consultants contrary to the provisions of the Law on Public Procurement which lead to illegal use of the funds to the detriment of the Budget of the Republic of Macedonia.

Note: The procedure is pending in the Public Prosecution Office of the Republic of Macedonia.

9. Acting on cases formed on its own initiative, with reference to information published in the public media about illegal bidding procedures for civil works in the municipality of Sopishte, the State Commission made a conclusion to submit to the Public Prosecution Office an Initiative to instigate a criminal prosecution procedure against the responsible person – Jovan Gjorgjioski, mayor of municipality Sopishte as well as other official persons in the municipality of Sopishte responsible for conducting public procurement procedures, because there is reasonable doubt that during the period from 2005 to 2010 they have committed the crimes of Abuse of Official Position and Authority stipulated in article 353 of the Criminal Code of the Republic of Macedonia, because, when representing the municipality, disposing of the municipal funds, conducting the public procurement procedures, and during the construction, they failed to ensure the legal use of the funds and protection of the funds of the municipality, and thereby acquired illegal profits for themselves or for others.

Note: The procedure is pending in the Public Prosecution Office of the Republic of Macedonia.

10. Acting on a case that refers to an approved loan from the Japanese Bank for construction of a multipurpose project, Hydrosystem "Zletovica" Probishtip and possible malfeasance during the realization of the project, the State Commission made a conclusion to instigate an initiative for starting a criminal prosecution procedure against the person Aco Spasenoski, former minister of agriculture, forestry and water economy, because there is reasonable doubt he committed the crime of Abuse of Official Position and Authority stipulated in article 353 of the Criminal Code of the Republic of Macedonia. This person, in his capacity of minister signed a confirmation of suitability of the firm "Sileks Nemetali ST" DOOEL Kratovo that did not actually fulfill the requirements for suitability, thereby enabling this company to be included as a subcontractor of the multipurpose project, Hydrosystem "Zletovica", and acquiring profit for himself or other entities.

Note: The procedure is pending in the Public Prosecution Office of the Republic of Macedonia.

11. Acting on a case formed with reference to the final audit report of the State Audit Office about an audit of the 2007 financial reports of the Public Enterprise for Communal Activities "Komunalec" Gostivar, the State Commission concluded and submitted to the Public Prosecution Office of the Republic of Macedonia an initiative to start a criminal prosecution procedure against Hasip Jusufi, director of the enterprise, because there was reasonable doubt that he committed the crime of Abuse of Official Position and Authority stipulated in article 353 of the Criminal Code of the Republic of Macedonia, because of the following:

- In 2007 he overstepped the limits of his authority and removed from the records receivables from legal entities and natural persons (monthly water and waste bills, water supply and sewerage system connection fees etc.), and awarded discounts of 10%, 20%, 25% or 30% and provided for the possibility to pay the reduced amount in 2, 6 or 12 installments;
- He misused his official position and authority and, contrary to the provisions of the Law on Public Procurement, without conducting a public procurement procedure, allowed the procurement of goods and services in the amount of 14,486,000.00 MKD and allowed payments and illegal profits amounting to 250,000.00 MKD, thus inflicting damages to the funds of the public enterprise and acquiring illegal profits.

Note: Notification from the Public Prosecution of the Republic of Macedonia that the Initiative has been submitted to the competent Basic Public Prosecution Office responsible for prosecuting organized crime and corruption.

12. Acting on a case formed after a complaint indicating irregularities in the work of the dean of the Technical faculty in Bitola, Professor Dr. Vesna Mirkovska, the State

Commission concluded that it should submit to the public prosecution office of the Republic of Macedonia an initiative to start a criminal prosecution procedure against this person because there is a reasonable doubt that she committed the crime of Abuse of Official Position and Authority stipulated in article 353 from the Criminal Code of the Republic of Macedonia and misused her official position and authority in a way whereby she allowed, contrary to the Law on Utilization of the Assets of State Authorities, the revenues from renting state owned facilities not to be paid into the Budget of the Republic of Macedonia.

This person also allowed charging for education and administrative services contrary to the approved tariff list enacted by the Council for development and financing of higher education, collection of fees from students which were not paid into the account of the University, printing of indexes, student identification cards, examination applications, forms etc., and sale thereof contrary to the decision of the University, payment of funds for increased workload of the people working in the teaching, scientific, research and applicative activities, regular attendance and engagement with respect to student enrollment and also allowed the revenues from the graduate studies to be used only for payment of honoraria of the teaching staff without retaining part of the funds and thereby the costs of organizing the graduate studies had to be covered by the faculty.

Note: The procedure is pending in the Public Prosecution Office of the Republic of Macedonia.

13. Acting on a case formed with reference to the final audit report of the audit of the 2008 financial reports of the Public Enterprise for Maintenance and Protection of the Main and Regional Roads "Makedonijapat" Skopje, the State Commission decided to submit to the Public Prosecution Office of the Republic of Macedonia an initiative to start a criminal prosecution procedure against the responsible persons (directors), in particular the persons Idriz Leka – director in the period from 24.10.2006 to 29.08.2008, Marjan Krstevski – acting director from 30.08 to 24.10.2008 and Bratislav Mitikj – director from 25.10.2008 onwards, as well as other responsible persons and members of the management authorities of the Public Enterprise, because there is reasonable doubt that, during the period 2002 – 2009, they have committed the crimes of Abuse of Official Position and Authority stipulated in article 353 of the Criminal Code of the Republic of Macedonia, and while managing the public enterprise and disposing of the funds of the enterprise and conducting public procurement procedures, they misused their official position and authority and failed to ensure legal utilization of the funds of the enterprise, and thereby acquired significant profits for themselves and others and caused significant damages to the enterprise.

Note: The procedure is pending in the Public Prosecution Office of the Republic of Macedonia.

14. After having studied the final audit report of the audit of the 2008 financial reports of the Public Enterprise for Communal Activities "Vodovod" Bogdanci, prepared by the State Audit Office, the State Commission decided to submit to the Public Prosecution Office of the Republic of Macedonia an initiative to start a criminal prosecution procedure against the person Dimitar Karakamishev, former acting director of the Public Enterprise for Communal Activities "Vodovod" Bogdanci" because there is a reasonable doubt that he committed the crime of Abuse of Official Position and Authority stipulated in article 353 and Dereliction of Duty stipulated in article 353-c of the Criminal Code of the Republic of Macedonia.

Note: The procedure is pending in the Public Prosecution Office of the Republic of Macedonia.

II.7. INSTIGATED INITIATIVES FOR OTHER TYPES OF ACCOUNTABILITY

In accordance with the competences stipulated in article 49, paragraph 1, line 5 of the Law on Prevention of Corruption, the State Commission shall have the right and duty to instigate initiatives to start procedures before the competent authorities for **dismissal, reallocation, replacement or application of other discipline measures** against elected or appointed officials, officers or responsible persons in public enterprises or other legal entities that dispose of state Capital. In this respect the State Commission submitted to the competent authorities 3 (three) initiatives to **dismiss** appointed officers.

Instigated initiatives:

1. Acting on the complaint referring to the improper work of the director of the National Institution Ensemble of Folklore Dances and Songs "Tanec" – Skopje, the State Commission made a conclusion to submit to the Minister of Culture an initiative to start a dismissal procedure against Boshko Treneski, director of the National Institution Ensemble of Folklore Dances and Songs "Tanec" - Skopje, because he performed the function of director unprofessionally and negligently and, as the responsible person in the National Institution, allowed illegal and improper use of the funds of the Ensemble in 2008 and allowed the implementation of public procurement procedures in 2007 contrary to the provisions of the Law on Public Procurement, thus inflicting damages to the National Institution.

The Ministry of Culture – Sector for administrative and inspection supervision inspected the work of the NI Ensemble of Folklore Songs and Dance “Tanec” – Skopje, and prepared a Report which makes the following conclusions:

- In 2008 the Ensemble did not fully harmonize its operations with the Law and the Statute,

- Part of the budget funds allocated to program activities for 2008, without an agreement from the Ministry of Culture, were reallocated to the international activity and one part of those funds, in the amount of 178,140 MKD, were spent improperly for payment of interest on loans from five natural persons and one legal entity, which is contrary to the provisions of the Law on Culture.

- a procurement procedure for airline tickets was conducted in 2007. This procedure was conducted contrary to the provisions of the Law on Public Procurement. The total amount spent during this procedure was 3,228,340 MKD.

- Reimbursements were paid to the staff contrary to the Law on Execution of the Budget of the Republic of Macedonia.

Note: The Ministry of Culture responded that a procedure for election of a director for the NI – Ensemble of Folklore Songs and Dances “Tanec” Skopje, was conducted and another person was selected for the director position.

2. The State Commission acted on the case formed on the basis of the final report prepared by the State Audit Office about the audit of the 2008 financial reports of the Directorate for Prevention of Money Laundering and Financing of Terrorism – regular operations account and concluded that it should submit to the Government of the Republic of Macedonia an initiative to start a dismissal procedure against Vane Cvetanov, director of the Directorate for Prevention of Money Laundering and Financing of Terrorism, because, as the responsible person in the Directorate, allowed illegal use of the funds from the Budget of the Republic of Macedonia by the this Directorate in 2008.

The Final report, among other things, identifies irregularities and improprieties regarding the implementation of the Law on Civil Servants and the Law on Public Procurement, committed by the Directorate in 2008.

Note: The Government of the Republic of Macedonia made a decision to dismiss Vane Cvetanov, director of the Directorate for Prevention of Money Laundering and Financing of the Terrorism from his function.

3. Acting on a case formed on the basis of a complaint that suggests irregularities in the work of the dean of the Technical Faculty in Bitola, Professor Dr. Vesna Mikarovska, the State Commission concluded that it should submit to the Rector of the University “Sv. Kliment Ohridski” Bitola an initiative to start a dismissal procedure against the

dean of the Technical Faculty in Bitola, Professor Dr. Vesna Mikarovska. This initiative was instigated for the same reasons as the initiative to start a criminal prosecution procedure for the same case.

Note: The procedure is pending

II.8. PROCEDURES UPON ASSETS DECLARATIONS

Elected and appointed officials in the Republic of Macedonia are obligated to submit assets declarations since 2002, introduced with the Law on Prevention of Corruption and the Amendments to the Law in 2004 and 2006 expand this obligation to the employees of the state authorities and units of local self-government.

In 2010, the State Commission has received new 541 assets declarations from elected or appointed officials and 57 assets declarations after cease of the office. Forty-seven reports on change of the office, 11 on reelection and 164 reports on change of the assets situation.

According to its legal competences, the State Commission has instigated misdemeanor procedures in front of the relevant courts against 28 elected and appointed officials who have failed to submit assets declarations. In this period, the courts have issued 54 decision in these and previously instigated procedures and in 24 cases, fine has been imposed and in 17 cases misdemeanor warning has been issued, in 6 cases the request has been rejected and in 7 cases due to absolute stature of limitations for misdemeanor procedure. The State Commission has filed 2 appeals to the judgments. The number of instigated misdemeanor procedure is lower compared to the previous years which is an effect of the public disclosure of the names of the persons who have failed to submit assets declarations on the State Commission's website. The State Commission permanently faces the problem of providing data about the elected and appointed officials. In order to overcome this problem, the State Commission's opinion is that it is necessary to define the persons who are obligated to submit assets declarations by stating of the offices and introducing an obligation for the institutions to submit data to the State Commission after the election or appointment. It would significantly help in other law enforcement authorities in their operations, such as the Public Revenue Office, the Anti-money laundering Directorate and the Ministry of Interior.

The State Commission in 2010, according to article 36 of the Law on Prevention of Corruption, has submitted 19 requests to the Public Revenue Office for instigation of a procedure for investigation of assets and asset situation in 16 cases due to failure to submit assets declarations and in 3 cases due to giving incomplete and incorrect data. In the same period, the State Commission has received 9 replies which showed that the Public Revenues Office, after a relevant procedure, has issued conclusions to stop the procedure in 8 cases since it has been established that the persons subject to the

procedure have not acquired and do not possess assets that exceed their taxed revenues i.e. their assets origins from revenues which have been taxed and the assets are legally acquired. In one case, a resolution has been enacted to order the former Mayor of the Municipality of Vraneshtica to pay MKD 216,497.00 for personal income tax for unreported and untaxed revenues.

With day to day updates of the changes of the assets situation data and processing of the new assets declarations according to article 35 of the Law, in 2010, the State Commission has doubled the number of assets declarations on its website (www.dksk.org.mk) and from 1,483 in 2009, at the end of the reporting period the number reached a total of 2,599 assets declarations.

In 2010, according to article 13 of the Rulebook on the Method of Handling of the Assets Declarations of the Officials, the State Authorities, the units of local self-government and the judiciary have submitted semiannual reviews of the situation of the assets declarations of their officials and employees. According to the processed data from 32 institutions, a total of 13,635 assets declarations have been submitted by employees.

III. IMPLEMENTATION OF THE LAW ON CONFLICT OF INTERESTS

III.1. STATE PROGRAM FOR PREVENTION AND REDUCTION OF CONFLICT OF INTERESTS

During 2010, the State Commission has also worked on monitoring of the realization of the first State Program for Prevention and Reduction of Conflict of Interests, adopted in May 2008, which, among the other, has identified the need for amendments to the Law on Prevention of Conflict of Interests which was realized in 2009.

Based on the data received by December 2010 from 12 competent institutions, including the State Commission, the analysis of the activities and activity indicators in the Action Plan for Implementation of the State Program for Prevention and Reduction of Conflict of Interests, expressed in the Report on the Realization Status of the Activities in the Action Plan for Implementation of the State Program for Prevention and Reduction of Conflict of Interests, the following conclusions and recommendations have been issued:

CONCLUSIONS

1. Out of a total of 35 envisaged activities in the Action Plan for Implementation of the State Program for Prevention and Reduction of Conflict of Interests, 17

activities have been realized or 49%, 8 have been partly realized or 23% and 10 activities have not been realized or 28%.

2. Although the share of realized activities is 49%, it should be noted that the share of partly realized activities is 23%. Namely, there are realized guidelines or indicators in the partly realized activities. Since these activities are already defined and require complete realization of the identified guidelines i.e. indicators, the realized parts cannot be separated as separate ones and assessed as realized activities. This applies to the partly realized activities which are processes which are in realization, as well.
3. Out of a total of 35 envisaged activities in the Action Plan for Implementation of the State Program for Prevention and Reduction of Conflict of Interests, the State Commission for Prevention of Corruption is carrier or participant in 25 activities or 71% of the total number of activities. The State Commission has realized 15 and partly realized 4 activities.
4. The cooperation in the realization of the State Program between the State Commission for Prevention of Corruption and the competent institutions for implementation of the activities of the State Program through the realized communication and realization of the obligation for submitting data has proven successful.
5. The realization of the activities to improve the normative framework is in the guidelines for enacting two new laws – the Law on Lobbying and the Law on Public Officers and partly in the amendments of the Law on Prevention of Conflict of Interests. The guidelines cover the realization of the activities for issuing rules of behavior of the officers in situations of real conflict of interests and overcoming thereof as well as providing transparent and responsible work of the holders of public offices appointed by the Government of RM. (Guidelines, trainings and Code of Ethics for the members of the Government of RM and holders of public offices appointed by the Government of RM).
6. After the enactment of the Law on Amendments to the Law on Prevention of Conflict of Interests, the activities to introduce an obligation for the official to confirm and sign a statement that he/she does not have any private interests in certain contract, precise definition of the nepotism, the way of resolution of these phenomena, introducing obligatory statement of the official for relative and other relations with participants for establishment of specific relationship (election, appointment, employment, promotion, public procurement etc.) as well as clear definition of the procedure for reporting and protection of the persons who point to conflict of interests have not been realized.
7. The activities for revision of the provisions of the laws and bylaws which allow discretion to the elected and appointed officials as well as the activities for clarification of the scope of the portfolios and competences of the officials in order to avoid duplication of the authorizations have not been realized.

8. The activity for issuing code of ethics for the members of the parliament envisaged as a measure for overcoming of the usual problems in various risk areas in order to provide for transparency and accountability in their work, including the strengthening of the protection of the public goods from use in the election process have not been realized, as well.
9. The activities for enacting and amending of the regulations regarding media and nongovernmental sector for deaccumulation of the functions and prevention of acquiring gain have not been realized completely (Law on Broadcasting Activity, Law on Citizen Associations and Foundations and Law on Printed Media).

RECOMMENDATIONS

1. During the preparation of the new State Program for Prevention and Repression of Corruption and the State Program for Prevention and Reduction of Conflict of Interests 2011-2015, the State Commission for Prevention of Corruption should take into account the unrealized activities and the party realized activities in the part they are not realized and the causes for failure of the realization.
2. The existence of political will is a prerequisite for good strategy for overcoming of the identified problems relating to the conflict of interests for efficient prevention and reduction of the conflict of interests as a significant segment of the political, administrative and legal system in the country.
3. The preparation of the legislation in the new State Program should consider the guidelines of the State Program for Prevention and Reduction of Conflict of Interests which have not been realized and consistently realize the legal competence of the State Commission to provide opinions upon draft laws significant for prevention of conflict of interests and corruption.
4. The State Commission should intensify the efforts and motivate the Government and the Assembly for more active attitude in the realization of the activities, especially in the area of discretion authorizations and issuing codes of ethics.
5. The State Commission should motivate the competent institutions to start with complete realization of the envisaged amendments to the laws regarding media and the nongovernmental sector for deaccumulation of the offices and prevention of acquiring gain, confining and division of the holders and performers of the offices in this area, protection of the pluralism of ownership of the media as well as strengthening of the control of the implementation of the existing legal provisions which regulate this issue.

III.2. AMENDMENTS TO THE LAW ON CONFLICT OF INTERESTS

The Law on Amendments to the Law on Prevention of Conflict of Interests has come into effect in September 2009.

One of the significant novelties is widening of the circle of the officials who have obligations according to the Law, adding the civil servants and the staff of the state administration and other state authorities, judiciary, public enterprises, public institutions and other legal entities of the central and local government as well as the persons hired through the temporary employment agencies who have authorizations.

Another significant novelty is that all officials should state their personal interests, a recommendation given by OECD, implemented with the introduction of the obligation to complete and submit statements of interests as a tool for practical actions regarding conflict of interests.

In order to strengthen the competences of the State Commission, the amendments to the Law included additions to the provisions regarding its competences in the part of imposing responsibility measures. There is also a new competence of the State Commission to impose the measures prescribed by the Law.

In July 2010, the Constitutional Court has revoked two out of three measures prescribed in the Law, and only one measure – public warning remains in force. The State Commission's opinion is that this has reduced the options for direct and efficient prevention of the conflict of interests in practice.

III.3. STATEMENT OF INTERESTS

Exercising the new legal obligation, during 2010, the State Commission has collected a total of 3,563 statements of interests.

In the period after the expiration of the deadline (07.03.2010), the State Commission has instigated a total of 222 misdemeanor procedures.

Tabular overview of the procedures instigated:

Official	Number of procedures instigated
MEMBERS OF THE PARLIAMENT	1
JUDGES	8
MAYORS	4
COUNCILORS	209
<i>TOTAL</i>	222

Since the requests for instigation of misdemeanor procedure were submitted in September 2010, by the end of the year, the court procedure has finished in 2 cases.

III.4. WORK WITH CASES IN THE AREA OF CONFLICT OF INTERESTS

During 2010, the State Commission has paid due attention to the cases in the area of conflict of interests established upon reports received from officials and other interested parties, cases initiated ex officio by the State Commission as well as anonymous reports.

The total number of 194 cases points out a significantly increased number of cases compared to the previous 2009. According to the opinion of the State Commission, the increased caseload is a result of the raised awareness among the officials and citizens about the legal competences of the State Commission. The intensification of the work of the State Commission in the part of work on cases, especially for accumulation and deaccumulation of offices has also contributed to this result.

During the year, the State Commission has solved a total of 169 cases out of which 147 from the current 2010 and 22 cases from the previous 2009.

Out of the cases processed by the State Commission in this period, in 48 cases it has found an existence of conflict of interests and in 7 of the cases, the officials have been imposed the measure of public warning due to failure to act upon requests and recommendations by SCPC.

Most of the cases which have been acted upon in 2010 are reports about accumulation of offices in holders of public authorities i.e. exercising of two or several functions simultaneously. This phenomenon is most frequent in the municipalities among the members of the municipal councils with simultaneous exercise of director functions in public enterprises and institutions on central and local level.

The State Commission's practice shows that the conflict of interests provokes increasing attention in the public life and among the citizens, but that there is still need to be explained and described to the officials and citizens in order to be recognized and prevented.

The practical implementation of the Law has proven effective and efficient using the statements of interests in the specific cases of acting upon conflict of interests.

The State Commission's opinion is that the prescribing of the legal obligation for the officials to report the changes in their personal interests, similar to the assets declarations, which is not the case now, will contribute to significantly improve the efficiency in the prevention of conflict of interests.

Since the accumulation of offices has taken serious dimensions, especially in local level among the members of the municipal councils, the State Commission has sent a public appeal for strict implementation of the Law by the officials and other stakeholders. It has provoked the desired reply among certain structures increasing the number of voluntary resignations of one of the accumulated offices.

IV. COOPERATION OF THE STATE COMMISSION

IV.1. COOPERATION WITH OTHER STATE AUTHORITIES AND INSTITUTIONS IN PREVENTION OF CORRUPTION AND CONFLICT OF INTERESTS

Protocol on Cooperation in Prevention and Repression of Corruption and Conflict of Interests

Based on the Protocol on Cooperation in Prevention and Repression of Corruption and Conflict of Interests initiated by the State Commission and signed by 17 institutions, the quality of the communication between 17 institutions with competences in fight against corruption and conflict of interests has been promoted.

Among the other, the following working meetings were realized in 2010 based on the Protocol:

- A working meeting attended by some of the signatories of the Protocol was realized in April 2010. The goal of this meeting was the successful implementation of IPA 2010 Project. This Project, mainly initiated by the State Commission is about the "Support of the Efficient Prevention and Fight Against Corruption", it has been approved by the European Union in November 2010 with an implementation budget of EUR 1,420,000.00 (one million four hundred twenty thousand).
- In May 2010, the State Commission has organized the third meeting of the institutions signatories of the Protocol. Opinions and assessments about the success of the cooperation in information and documents exchange, more efficient acting as well as proposals for development of other forms of cooperation were given in this meeting.
- In October 2010, the State Commission has realized a working meeting with the Director of the Public Procurements Bureau in order to review the content about conflict of interests and corruption and incorporation thereof in the regular trainings realized by the Public Procurements Bureau.
- In October 2010, a working meeting with the Anti-Money Laundering Directorate was realized in order to review the possibility for sharing of the data from the State Commission database with the commercial banks.

The signed Protocol resulted with significant improvements in the case work, especially in the exchange of information in order to achieve faster and more efficient operations.

Working meetings with several institutions have been realized upon specific cases, including the State Audit Office, the Public Prosecutor's Office of the Republic of Macedonia, the Ombudsman, commissions in the Assembly of the Republic of Macedonia, agencies etc.

IV.2. INTERNATIONAL COOPERATION

The State Commission, realizing its legal competence, develops the international cooperation with related bodies and institutions through participation in regional and international conferences and meetings, seminars and workshops in the area of prevention and fight against corruption and conflict of interests as well as realization of study visits and organizing regional and international workshops in the country. These activities are focused to realization of the preventive competences of the State Commission as specialized body for prevention of corruption and conflict of interests. At the international events, the State Commission presents the experiences and progress in the implementation of the laws and the entire anticorruption agenda of the Republic of Macedonia. In the same time, this type of cooperation enables application of the positive experiences and approach of the other countries in fight against corruption and conflict of interests as well as promotion of the State Commission's work in the part of preparation of the state programs for prevention and repression of corruption and reduction of conflicts of interests. The following activities have been realized during 2010:

- March 29-31, 2010, Paris, participation in a seminar "Assets Declarations for Officials as a Means for Fight Against Corruption", organized by the Organization for Economic Cooperation and Development (OECD) and the Anticorruption Network of East Europe and Central Asia (ACN).
- April 22-24, 2010, Skopje, participation in a regional public procurements conference organized by the Public Procurements Bureau in cooperation with SIGMA.
- May 03-04, 2010, participation in an international conference "International Cooperation in the Field of Prevention of Conflict of Interests and Assets Declarations – a Tool Against Corruption" organized by the High Inspectorate for Reporting and Control of the Assets of the Republic of Albania in cooperation with the Regional Anticorruption Initiative (RAI).
- June 24-25, 2010, Astana, Kazakhstan, participation in an international conference on "Reaction of the Corruption: International Mechanisms and

Tools”, organized by the Financial Police of Kazakhstan in cooperation with the OSCE Center in Kazakhstan, UNDP, the European Commission and Transparency Kazakhstan.

- September 28 – October 01, 2010, Ankara, Turkey, participation in an international meeting “Strengthening of the Cooperation in the Area of Prevention and Repression of Corruption in East Europe and Central Asia” organized by the World Bank.
- October 05, 2010, Zhabljak, Republic of Montenegro, participation in a seminar for the local public officials in the municipalities of north Montenegro, judges, prosecutors, NGO and media.
- October 15 and 16, 2010, Ohrid, participation in an international conference about “Fight Against Corruption – Integrative Lever of Domestic and International Activities” organized by the Ministry of Justice.
- November 02-05, 2010, Macao, China, participation in a regular conference of the General Assembly of the International Association of Anticorruption Authorities (IAACA) on “International Cooperation Envisaged in Chapter IV of the United Nations Conventions on Fight Against Corruption”.
- November 22-23, 2010, participation in an international conference about “Prevention of Corruption in Crisis Situation” organized by DDB AKADEMIE in cooperation with OLAF and HERKULE.
- November 25-26, 2010, Rome, Italy, participation in an advanced training on techniques and methodologies for prevention of corruption organized by UNDP – Regional Center in Bratislava and the Italian Anticorruption and Transparency Service.
- December 06-08, 2010, Washington DC, USA, participation in an international conference about “Joint efforts to fight the international bribery” organized by the World Bank.
- December 06-08, 2010, Paris, France, participation in a conference of the Anticorruption Network of East Europe and Central Asia (ACN) organized by OECD.
- December 08-09, 2010, Belgrade, Republic of Serbia, participation in a workshop “Regional Workshop of Expert Members of the Mechanism for Assessment of the United Nations Convention Against Corruption” organized by UNDOC, supported by the Anticorruption Agency of Serbia.

IV.3. COOPERATION WITH UNDP - MACEDONIA

During 2010, the State Commission and UNDP – Macedonia have continued their cooperation within the framework of the project “Fight Against Corruption for Improved Governance”. The UNDP contributed and supported the realization of the

Third Annual Conference of the State Commission for assessment of the status of realization of the State Program for Prevention and Repression of Corruption. This support enabled organization of workshops with representatives of the local self-government about conflict of interests in 3 (three) cities in the Republic of Macedonia. The UNDP support was crucial for the organization of the three workshops of the working groups for preparation of the Strategy and new State Programs. The UNDP cooperation and support to the State Commission will continue in 2011.

V. TRAININGS

At the beginning of 2010, the 2010 Training Program was enacted according to the 2010 National Program for Adoption of Acquis (NPAA), the State Commission Strategic Plan, the State Program for Prevention and Reduction of Conflict of Interests as well as the 2010 Work Program of the State Commission.

In order to realize this Program, an application was submitted and approved for use of expert assistance for training of trainers for corruption and conflict of interests under TAIEX instrument of the European Commission. It created conditions for realization of this activity in the first half of 2011.

The State Commission has permanent cooperation with the Judicial Training Academy and as a result of that, several trainings in corruption and conflict of interests – recognizing and overcoming were realized for representatives of the judicial authorities. According to the calendar of the Academy, about a dozen trainings were realized in 2010 covering around 200 judges and public prosecutors from all basic and appellate districts in the country.

During 2010, with a financial assistance from UNDP – Macedonia, trainings for officials from 28 municipalities were realized in topics about conflict of interests – recognizing and overcoming, attended by over a hundred mayors and municipal councils members from the local self-government.

A series of trainings on “Anticorruption measures and ethics in state service” was realized in cooperation with the Civil Service Agency in 2010.

All the trainings were realized by members of the State Commission as part of their regular activity.

The dissemination of the material from the public awareness campaign “Let’s clean up the corruption” was also organized and the campaign brochures and poster were distributed. At all of the trainings in prevention of conflicts of interests – the representatives of local governments and judicial branch were given the Guide for Conflict of Interests Management, prepared by the State Commission in 2008.

VI. PUBLIC DEBATES AND WORKSHOPS

During 2010, the State Commission has realized 3 (three) public debates and one workshop in current topics in areas with wide options for misuse and corruption and conflict of interests.

The first public debate was held in June 2010 on "Party and Political Influences in State and Public Administration".

The second public debate was dedicated to conflict of interests in local governments and it was held in July 2010.

In October 2010, the State Commission has realized the third public debate on "Corruption in Activities of the State Authorities and Units of Local Self-government in the area of urban planning and construction".

The debates were attended by representatives of the legislative and executive branch, the local self-government and media and representatives of the civil sector. These debates resulted with conclusions which were distributed to all participants and institutions involved. The State Commission used these conclusions in the preparation of the new state programs for prevention and repression of corruption and conflict of interests.

According to the Law on Lobbying, the State Commission is competent to supervise the lobbying in the Republic of Macedonia. Due to that, in October 2010, it has organized a workshop in "Experiences from the Implementation of the Legal Regulations in Lobbying Area". This international workshop was attended by representatives of the European Union and Southeast Europe. The participants presented and exchanged experiences relating to lobbying which will help the Republic of Macedonia in the further development of lobbying activity. The State Commission has found that, in the Republic of Macedonia, the law was enacted in 2008 but it has not been implemented and only one lobbyist has been registered according to this Law, in spite of the lobbying by various individuals and groups, which, according to the international experience, is a terrain favorable for corruption.

VII. PROJECTS OF THE STATE COMMISSION

VII.1. TWINNING PROJECT FICHE FOR IPA 2010 "SUPPORT FOR EFFICIENT PREVENTION AND FIGHT AGAINST CORRUPTION"

The Twinning IPA 2010 Project "Support for Efficient Prevention and Fight Against Corruption" has been approved by the European Union in November 2010 and

the amount of the budget for implementation is EUR 1,420,000.00 (one million four hundred twenty thousand). Several institutions in the Republic of Macedonia will be beneficiaries of the resources and effects of this project.

The project includes four components:

1. Strengthening of the efficiency of the anticorruption institutions and policies in the part of implementation and monitoring of the policies in fight against corruption.
2. Establishing an efficient control of the assets declarations.
3. Providing transparent financing of the political parties and election campaigns.
4. Strengthening of the capacities of the courts, public prosecutor's office and the Agency for management of confiscated property.

The preparatory activities for realization of the project are planned for 2011, while the implementation is expected to start in 2012.

VII.2. EUROPEAN COMMISSION TAIEX INSTRUMENT PROJECTS

In the reporting period, the State Commission has prepared projects which were realized through European Commission TAIEX instrument. These projects are mainly targeted to strengthening of the capacities of the State Commission through study visits, hiring experts as well as assistance in the organization of workshops on various topics. In line with that, in 2010, the State Commission has prepared and, through the Secretariat of European Affairs, submitted three projects to European Commission in Brussels which were approved:

- Workshop on "Experiences in the implementation of the legal regulations on lobbying". Representatives from European Union countries and Southeast Europe countries participated in this international workshop.
- In cooperation with the Ministry of Justice and as an obligation from the recommendations given in the European Commission Report for providing permanent control of the statements of interests submitted by the officials, the State Commission has prepared the project for expertise in methodologies for control of statements of interests. The realization of this project is planned for the first half of 2011.
- As an obligation envisaged in the 2010 National Program for Adoption of Acquis (NPAA), a project for training of trainers was prepared. It has been approved and it expected to be realized in the first half of 2011.

Study visits to important anticorruption authorities and institutions in European Union countries have also been approved and they are expected to be realized during 2011.

VIII. COOPERATION WITH THE CIVIL SECTOR

The State Commission has realized many activities in order to improve and intensify the cooperation with the civil sector. On the conferences, public debates, round tables and workshop it organizes, the State Commission provides regular participation of representatives of the civil organizations, and representatives of the State Commission participated in workshops and round tables organized by citizen organizations.

The State Commission has held meetings with representatives of the civil sector, emphasizing the importance of the cooperation of the State Commission with the civil sector and the media in fight against corruption and conflict of interests. The organization of the meetings was motivated by increasingly frequent inquiries to the State Commission by the civil organizations dealing with these issues for cooperation and participation in their projects.

In order to establish a regular cooperation and to identify the method of its realization, the State Commission has initiated a Memorandum of mutual support for prevention of corruption and conflict of interests. The Memorandum was signed in December 2010 and it is a base for cooperation between the State Commission for Prevention of Corruption and 17 civil sector organizations which work in the field of prevention of corruption and conflict of interests.

IX. PUBLIC RELATIONS

During 2010, the State Commission has held 19 press conferences. Briefings were held permanently, and the president and other members of the State Commission gave several interviews on current topics.

In 2009, the State Commission has prepared a Public Relations Strategic Plan in order to strengthen the informing and developing of several efficient forms of public relations.

In order to realize the activities stipulated in the Strategic Plan, the State Commission, on its website, has published 45 reports about corruption cases and conflict of interests, information regarding the assets of the elected and appointed officials, meetings realized by the State Commission, conferences held, participation in international conferences, realization of both State Programs and other activities.

An email addresses database has been established and in the first trimester of 2011 it is planned to commence the activity of sending information and announcements directly to the email addresses of the authorities in the governmental, political, public, private and nongovernmental sector as well as to the international institutions.

The Public Relations Strategic Plan has identified several forms of highly developed contemporary methods and tools for public relations which have been realized only partly. One of the primary needs established in the Strategic Plan is to engage a professional spokesperson of the State Commission who will take care for uninterrupted and good quality comprehensive informing about the activities of the State Commission. Funds in the Budget of the State Commission have not been provided for this post, although the need has been accepted and identified in NPAA for the previous two years.

X. DEALING WITH REQUESTS FOR ACCESS TO INFORMATION OF PUBLIC CHARACTER

The Constitution of the Republic of Macedonia guarantees the free access to information, the freedom to receive and transmit information as one of the basic rights of citizens from the corpus – “Citizen and Political Freedoms and Rights”.

This guaranteed basic right is operationalized with the Law on Free Access to Information of Public Character which provides publicity and openness in the operations of the information holders and enables the natural persons and legal entities to realize the right of free access to information of public character.

Starting from the principle of publicity prescribed in the Law on Prevention of Corruption, having in mind that the publicity and openness of the operations are in function of the measures and activities undertaken, the State Commission pays due attention to the cases which are opened upon requests for free access to information of public character.

During 2010, the State Commission has received 13 written requests for free access to information of public character.

All requests submitted have been processed within legally prescribed deadline.

None of a total of 13 requests for free access to information of public character has been rejected.

In the cases opened upon the submitted requests, the applicants have not filed any appeals to the Commission for Protection of the Right to a Free Access to Information of Public Character, as a second instance authority which decides upon appeals submitted by the applicants, neither administrative disputes have been instigated before the Administrative Court of the Republic of Macedonia against final decisions.

XI. CONCLUSIONS

- 1. The 2010 Report of the State Commission for Prevention of Corruption is an overview of the situation of corruption and conflict of interests in the Republic of Macedonia, reflected through the operations of the State Commission for Prevention of Corruption through specific indicators and knowledge based on the practical application of the Law on Prevention of Corruption and the Law on Prevention of Conflict of Interests.**
- 2. The obvious intensification of the work of the State Commission for Prevention of Corruption, especially in dealing with the inflow of reports/cases submitted by various entities and in the implementation of the Law on Prevention of Conflict of Interest in the part of (de)accumulation of offices, means a quantitative and qualitative step forward in the prevention of corruption and conflict of interests.**
- 3. The work of the State Commission for Prevention of Corruption has shown that the recommendations and suggestions given in the part of the operations of the structures on both government levels – central and local, are targeted to strengthening of the system of national integrity.**
- 4. During 2010, the State Commission for Prevention of Corruption has placed a special emphasis to strengthening of the international cooperation, especially with the international organizations and institutions in the Republic of Macedonia, providing significant support for its operations.**
- 5. The experiences of the State Commission for Prevention of Corruption during 2010 regarding the significant cut in its budget and mandate as unforeseen circumstances had a real influence on the fight against corruption. It has contributed to perceive the political will for fight against corruption as general and declarative.**
- 6. The citizens and the public expect active and specific actions and behavior in fight against corruption from all state authorities and institutions and ultimately from the State Commission for Prevention of Corruption and law enforcement agencies. Despite the strengthened visibility and trust of the citizens to the State Commission, with its control and preventive competences, it cannot address the corruption completely.**

Skopje, March 28, 2011

State Commission for Prevention of Corruption