

Public Investments based on interests of the political parties in power, not the plans and Laws

## Purchasing political land with public funds

ARTAN M. HARAQIA  
LORIK BAJRAMI

**PRISHTINË, MAY** – Political parties win elections through support they receive from affiliated businesses and then use the power to reward them financially. Taking over power at central level, besides rewarding the businesses and in-

terest groups, the winning party starts planning public expenditures totally depending on own objectives of winning and holding power in certain municipalities. This way, the municipalities that share evenly power between the two main parties in the meantime benefit mostly, as the power won centrally is being used to secure votes locally. The

best example is the municipality of Prizren, in which according to few Preportr researches, PDK has made invested disproportionately compared to other municipalities.

So the distribution of revenues from the public investments made between 2008 and 2010 has largely followed the interests of the party in power and not a

specific criteria or regional development plan. Interests of the party in power also directed the public expenditures, totally disregarding the basic requirement that public funds be managed according to a previous plan that derives from a development program.

PAGE 3

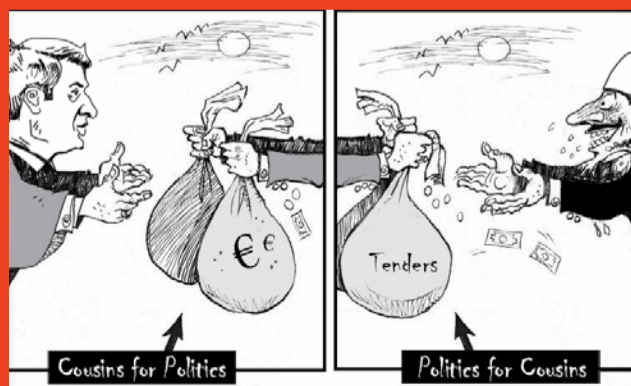
### The Physiognomy of Corruption in Kosovo

**PRISHTINA, MAY** – The relation between politics and business, the transparency in this segment, is a crucial factor for rule of law, for building of a democracy and institutions system with a standing integrity. Most common and safest way to achieve this is when the financial settings of politics can easily be monitored by the public, a matter that is generally referred to as transparency.

PAGE 2

### Magic of 500 Euros Donation

Many financiers of PDK, that have won public bids, have stated that they had donated 500 Euros to this party. But the auditor's reports show an enormous disproportion between declared and donated amounts. Millions Euros of public funds have been given to companies that declared donations of 500 Euros to the party in power.



PAGE 7

### Unlawful Tenders

**PRISHTINA, MAY** – Several millions of Euros have been given in an open violation of the law. The violation of the law in a number of bids investigated by "Preportr" has been confirmed by very officials of Kosovo institutions.

PAGE 6

# The Physiognomy of Corruption in Kosovo



AVNI ZOGIANI

STARTS ON THE FIRST PAGE

The relation between politics and business, the transparency in this segment, is a crucial factor for rule of law, for building of a democracy and institutions system with a standing integrity. Most common and safest way to achieve this is when the financial settings of politics can easily be monitored by the public, a matter that is generally referred to as transparency. This is the crucial precondition for a consolidated democracy and state of the law.

When this segment, the relation between politics and private business, remains dark, so dark remains the country's vision for its future. According to numerous national and international reports, our own journalists' experience of several years, and the investigative reports you will be able to read on the monthly addition "Preportr", one can easily conclude that Kosovo is a country with crucial lack of transparency of interactions between private and public sectors.

However, stating this we have said nothing new. Other countries have been there before Kosovo. Nevertheless, the difference remains in the degree of lack of transparency and accountability. The lack of transparent decision-making in Kosova, has created an environment in which the so-called national and international "advisors", for whom the term national and international dealers can refer best, have become very influential. Through their influence, interests of the public sector are transferred into private interests of individuals and companies, both national and international. This transfer of public values and assets in private ownership happens through public bids, privatization process, and strategic economic decisions. And the debate that follows questions on who realistically benefits from this. Considering that 90% of Kosovo capital is under the control of foreign financial institutions, then we start understanding the problem. Influences on decision-making from the dark backgrounds become visible also when graduation the exploitation of public resources by private interests into different three levels depending on the values in question. The process of acquiring public resources and assets for private benefit can be divided in three levels:

- low level (regular public bids that call mainly for goods and services)

- middle level (bids that call for national project, mainly infrastructure and energy, but also contracts with important public companies), and - high level (which related to strategic documents and decisions on important contracts between the public and private sectors – such as highway, airport concession, Strategy on Energy, or Strategy on Post and Telecommunications). The decision-making at all three levels is closed and depending on the level involved different stakeholders. Mainly national dealers close to political parties rank in the lowest level. They manage small public bids in a way that companies that finance parties are later rewarded with bids. This level contains that segment of public fund expenditure which is controlled mainly by local persons and companies. The influence in these cases is placed on budgetary organizations that in all the cases aim the national budget funds. Practically this means that the bids range between few hundred thousand to few million Euros.

Actors involved in the middle level of acquisition of the national assets and resources are national, but many international as well. They influence high level decisions of the government directly. The concentrate largely on the Prime minister, but also on the boards of public agencies. The public companies are the main target of these actors, especially the international ones, since during the last ten years they have accrued huge amounts of wealth. Through contract they mainly provide for supplies or consultancies that range from 5 million Euros and above.

The highest degree of public assets acquisition includes creation of strategic documents, primarily for the public enterprises. Here we find serious businesses that cannot compare with two prior levels of acquisition. The benefitting actors are foreign, while the Kosovars are the so-called decision-makers. A term adopted especially for Kosova in this case is "transaction advisers", who are brought in by embassies and the World Bank offices. Formally, they do not decide, but they mainly write them down.

They are merciless on national economy and strong proponents of what is well known in anti-globalization language as "asset rip-off." A number of such documents have been prepared for Kosovo as well, including: Strategy on Energy, Strategy on Privatization of PTK, Strategy on Trepca, contract for construction and concession of the airport, etc. however, there are other contracts of this nature that include those on energy supply, equipment purchase, and power plant system repairs. There was no resistance when these contracts were signed with the governments executive, and in a number of cases have been forcefully imposed to the Assembly of Kosova. For the

Strategy on Energy, according to former Minister on Energy, Justina Pula Shiroka, the World Bank and USAID advisors have exercised open pressure against Kosovo institutions to adopt this document. The document takes off Kosovars hands the most important asset and the sole potential for economic development, the coal and energy sector, to set it aside for future investors. Depending on the degree of acquisition of public assets, the lack of transparency aggravates exponentially a document of a bid. This way, if we need to measure the lack of transparency in all three levels and graduate it between 1 and 3, then we can easily conclude that if the lack of transparency at the low level of public resource control is qualified as 1, at the middle level as 2, then at the high level it is 3. In other words, if at the low level there is a fog of information that show connections between political and private interest, at the high level there is a total fog and darkness with a zero visibility.

On the other hand, while the first two levels refer mainly to a technical method of taking control over public assets (manifested mainly through technical criteria of the bids), the high level implies a methodology totally political in nature. On behalf of important international institutions (mainly the World Bank and International Monetary Fund), or governments known as "friends of Kosova," international advisers who practically behave as swindlers, meet national officials in power of decision-making and order them how to behave, what to vote, and what to say. It is therefore a direct political influence which not only damages public interests, but deprives the functioning of democracy making it function not only from top to bottom, but rather from outside to inside. It is interesting to note that the dominant debate in the society focuses on violations and manipulations taking place mainly at the low level of public assets control.

This happens because the actors in the other two levels are mainly international. If an expat appears in the radar screen of corruption watchdogs, whether national or international, they end up treated as invisible and untouchable. For example, it is unimaginable that journalists, civil society, or politicians debate on expats' conflict of interest in Kosova. International institutions can exercise functions and role that conflict certain interests from which they can benefit public assets. No one takes notice of such action being punishable. Strangely enough, of all the involvement of international institutions in governing the country not a single case has ever been reported on influences directed to public offices, which aim taking control over public assets. One such case is the influence and pressure of the

World Bank "advisers" which the former minister of Energy refers to. However, the necessity of having a clear environment for operations has forced the expats to create a sphere of interest for the national politics. As a result, at the lower level of profiting of the public sector, national politicians and businessmen operate freely with no fear of "Kosovar" justice, which for ten years has been dominated by the expats. In other words, enabling the expats uninterrupted operations at the middle and high level of corruption, national politicians have been left with the low level through which they secure own financing with no benefit for their own country. On the other hand, the foreigners have established a kind of effective exploitation system of the Kosovar market, which has excluded majority of values and impoverished the country continuously for ten years in a row. "Preportr," a project of Kosovar Center for Investigative Journalism, will seek to continuously report and investigate the relation between the private and public sectors, i.e. deconstructing the use of public offices for direct or indirect benefit of political and business actors from the public sector. At this edition, the investigations focus on the segment that links these two sectors and which largely qualify on the first two levels of controlling public assets. We will consequently attempt to deconstruct all three levels of corruption in Kosova, although the "Preportr" journalists have ran into serious and systematic obstacles during information gathering, which is also considered a public property. Preportr reporters have been continuously met with authority's resistance to provide information and an extraordinary diligence to reduce amount of accessible information.

Clearly, their aim was to conceal the relation between politics and public offices with private sector. For example, until the current government took power, the forms of the Kosovar Agency for Business Registration required, and consequently provided, much more information on the business. In 2008 the required information has been reduced to a minimum. Therefore, when researching, one has to pay huge amounts of money to officers of the agency in order for them to "prepare" the requested information, although the information should be a public property. Today you are reading the third edition of Preportr published by Organization COHU! under the trademark of Kosovar Center for Investigative Journalism. "Preportr" will utilize other means as well to expose the abuse with public offices for parties' and politicians' benefit. But it will not stop here. "Preportr" will have a special online edition, in the shape of a magazine with specific identity.



Foto: Lorik Bajrami

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# Purchasing political land with public funds

## STARTS ON THE FIRST PAGE

This way, millions of public investments have been allocated to municipalities and approved to certain companies with the determining criteria being the home regions of the ministers or greater electoral interest of the party. In the same manner, the public investments made during the two years, have been disproportional with the size of residential areas and the number of inhabitants in different municipalities, as they are directed primarily politically. A "Preportr" analysis of 98 per cent of contracts signed by the Ministry of transport and the Ministry of education during 2008-2010 shows that a total of 416 mil Euros has been distributed to 199 companies through 385 public calls for bids.

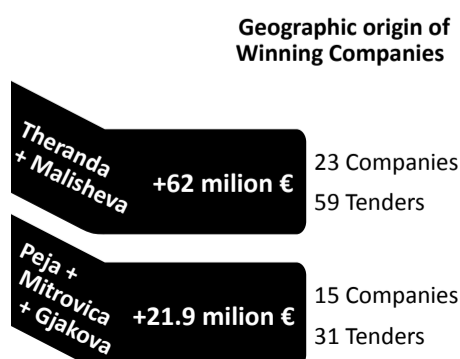
**Total Investments Made by MTPT + MASHT (January 2008 – December 2010)**



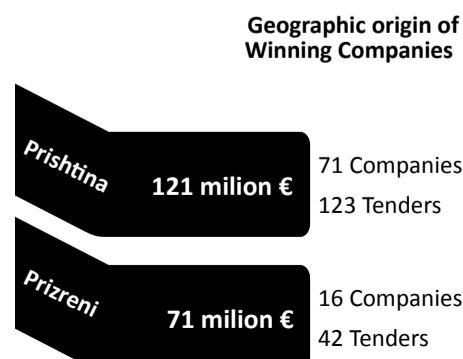
### Companies that Come from Ministers' Regions and PDK Strongholds

"Preportr" research shows that a number of municipalities have been more important for the PDK. Ministry of Transport

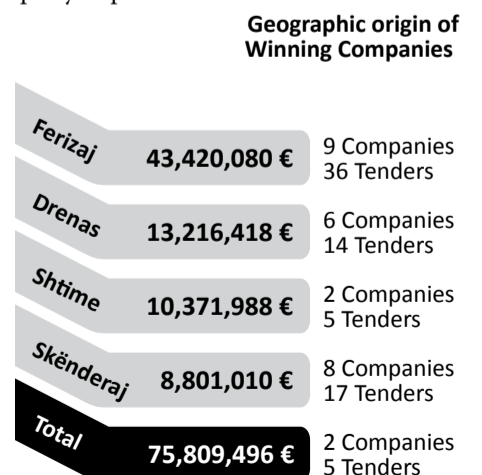
and the Ministry of Education have been careful to channel millions of Euros to companies that originate from the ministers' regions or to those with dominant PDK interest, having great chances to win the local and national elections. Results show that companies that originate from Malisheva and Theranda, hometowns of former Minister of Education, Enver Hoxhaj, and former Minister of transport, Fatmir Limaj. Have received millions of euros of Kosovo budget exceeding the larger municipalities such as Peja, Mitrovica, and Gjakova. In total 23 companies from Theranda and Malisheva have won 59 bids benefitting this way over 62 million euros. During the same period, "Preporter" has proved that from these two ministries, only 15 companies from Peja, Mitrovica, and Gjakova have won bids in total amount of 12.5 mil eu-



ros. Of these, only three companies from mitrovica have won bids from these two ministries. More or less, the same trend follows allocating the public funds to companies in municipalities with broad electoral interests of the PDK. Prizren has been the primary battlefield for electoral win since 2007. The companies from Prizren, a city qualified as PDK's Jerusalem during local elections in 2007, have benefitted much more during the last two years compared to companies in other municipalities. Research reveals a huge disbalance between Prizren companies, which benefitted from MEST and MTPT bids, and Prishtina ones. Whereas 61 Prishtina companies have benefitted over 121 million Euros from 123 bids, only 16 companies from Prizren have received 71 million through 42 bids.



In the same manner, companies based in the municipalities known as PDK strongholds have benefitted multimillion amounts of Kosova budget compared to municipalities known to belong to political opponents such as LDK and AAK. Companies from Shtime, Skenderaj, Drenas, and Ferizxaj have received 30 mil Euros more than municipalities of Podujeva, Deçan, Istog, and Junik. Besides, when bids had been granted to the "neighboring" municipalities, usually a considerable amount has ended in the bank accounts of the companies close to the people of the party in power



Istog	31,576,129 €	7 Companies 25 Tenders
Deçan	11,084,699 €	3 Companies 11 Tenders
Podujeva	661,518 €	3 Companies 4 Tenders
Junik	275,810 €	8 Companies 17 Tenders
Total	43,589,156 €	1 Companies 4 Tenders

The graph shows that municipality of Istog and Deçan have been left out of the trend and the reason why few companies in these municipalities have been granted bids was, as you will see below, that they belong to people close to PDK.

**Companies close to PDK**

Presenting the distribution of public funds based on municipalities from where the winning companies originate does not present a clear picture on who are the real beneficiaries of millions of Euros of taxpayers money. "Preportr" has noticed a relation between the connections of the company owners and the municipalities where the companies have been registered in when winning the bid. Also, "Preportr" has found that companies in the municipalities that have not been traditionally governed by PDK have won bids when acting in consortia with companies from the regions qualified as municipalities of PDK. Besides, "Preportr" has noticed cases when certain companies, from non-PDK municipalities, have won multimillion bids due to family ties with PDK officials. In the case of Prishtina, there are companies that have won bids of tens of millions in consortia with companies from Malisheva and Ferizaj. The company "Euro-Kos" from Prishtina, has won a tens of millions bid from the MTPT, and in majority of cases has been in consortia with companies from Drenica region or companies from PDK municipalities, such as Ferizaj. The company "Kastrioti" from Prishtina has won bids of more than 5 mil euros, but its owner comes from Drenica region. Besides these, the company "Damastion Projekt" has won bids of almost 3 million Euros in consortium with companies from Drenas and Ferizaj. The company "Ada Consulting Group," also from Prishtina, owned by Avni Kastrati from Buroja, has won a 2 million bid. The same company employs Fadil Demaku as an adviser, a PDK deputy at the Assembly of Kosova and brother of current Drenas mayor, Nexhat Demaku.

1. Kompania, "Euro-kos", nga Prishtina në konsorcium me kompaninë "Burimi Malishevë" nga Malisheva, si dhe me kompaninë "Drenica" nga Ferizaj, ka fituar tender nga MTPT-ja në vlerë prej **17,294, 971 €**.
2. Kompania, "Kastrioti", nga Prishtina, pronari i së cilës është nga rajoni i Drenicës, ka fituar tender nga MTPT-ja në vlerë prej **5,399,707 €**.

3. Kompania, "Damastion Projekt", nga Prishtina, në koncorzium me kompaninë "NN Shkambi" nga Drenasi, ka fituar tender nga MTPT-ja në vlerë prej: **2,997,196 €**.
4. Kompania, "Ada Consulting Group", nga Prishtina, që si këshilltarë ka Fadil Demakun, deputet i PDK-së në Parlamentin e Kosovës, ka fituar tender nga MTPT-ja në vlerë prej: **1,922,810 €**.

Although municipality of Istog has continuously been governed by LDK, certain companies have won millions of Euros of public investments due to close ties to PDK structures. The Company "Albes," owned by Hajredin Mavraj, is seen close to PDK structures, as the owner is a relative of "Epoka e Re" daily publisher, Muhamet Mavraj. This daily has traditionally been close to PDK. Similarly, the municipality of Deçan has benefitted from millions of public bids, although it has never been governed by PDK. The reason why companies here have won public bids has partly to do with family ties the company owners have with certain PDK Deputies. The company "Arfa," owner by Fadil Hadërgjonaj, has won almost 2 million Euros from MTPT. Fadil Hadërgjonaj is a relative of PDK deputy to the Parliament, Safete Hadërgjonaj.

1. Kompania "Albes" nga Istogu, ka fituar tender nga MTPT-ja në vlerë prej **5,702,519 €**.
2. Kompania "Arfa" nga Deçani" ka fituar tender nga MTPT-ja në vlerë prej **1,896,563 €**.

**Media reporting on companies close to PDK**

Kosovo media have continuously reported on companies close to people in PDK winning the bids from public institutions. For this edition, "Preportr" has found that an amount of 40 million Euros has been granted/contracted by the Ministry of Transport and the Ministry of Education to the companies that have directly financed PDK's electoral campaign during 2009. "KOHA Ditore" has reported months ago on how certain companies have benefitted millions of Euros and are listed in official reports of CEC as financiers of PDK's electoral campaign in 2009. The Weekly "Prishtina Insight" in one of its editions, had reported on companies close to Minister of Transport Fatmir Limaj which had won tens of millions of Euros from road construction. From these three media only one can conclude that about 63 mil Euros, from MTPT and MEST, have been contracted to the companies connected to PDK, as financiers of electoral campaign or close to people within party structures.

**Millions of Euros for Companies Close to PDK**

- Prishtina Insight**
1. **Delia Group**, 1 tender MTPT, vlera totale **11,760,439 €**.

2. **AHN Group & Timi Krsko**, 1 tender MTPT, vlera totale **5,792,435 €**.
- Koha Ditore**
3. **R. Rukolli**, 1 tender MTPT, vlera **288,799 mijë euro**. 2 tenderë MASHT, vlera **1,180,836 €**.
  4. **Ndërtimi**, 2 tenderë MTPT, vlera **484,581 mijë euro**. 2 tenderë MASHT, vlera **336,961 €**.
  5. **Jehona**, 2 tenderë MTPT, vlera **688,285 €**.
  6. **Burimi**, 2 tenderë MTPT, vlera **12,953,264 €**.
- Preportr**
7. **Getoari**, 3 tenderë MTPT, vlera **3,469,557 €**. 1 tender MASHT, vlera **689,626 €**.
  8. **Engineering**, 3 tenderë MASHT, vlera **1,735,631 €**.
  9. **Bageri**, 1 tenderë MTPT, vlera **829,569 €**.
  10. **Bajraktari**, 1 tenderë MTPT, vlera **123,287 €**.
  11. **Beni Com**, 5 tenderë MTPT, vlera **9,157,830 €**.
  12. **Tali**, 6 tenderë MTPT, vlera **5,457,108 €**.
  13. **Bejta Commerce**, 3 tenderë MTPT, vlera **7,545,543 €**.
  14. **Magjistrallja**, 1 tender MTPT, vlera **291,251 €**.

**Investment in Ministers' regions and PDK strongholds**

When looking into regional distribution, Drenica comes clearly as a region which has benefitted mostly from investments of MTPT. Moreover, there have been more investments in the small town of Skenderaj than in the capital of Kosova. In the two year period, the MTPT has invested about 18.7 mil Euros, while in Skenderaj nothing less than 19 mil from the state budget. In Drenas, another small town in Drenica, the amount invested between January 2008 and December 2010 almost equals investments in Prizren. In larger towns, like Peja and Mitrovica, the investments are clearly much lower than in few clearly smaller municipalities.

**Municipal Distribution of PTMT Investments**

Skënderaj	19,002,584 €	17 Tenders
Prishtinë	18,711,795 €	12 Tenders
Prizren	12,484,173 €	13 Tenders
Drenas	12,137,398 €	10 Tenders
Mitrovicë	8,061,438 €	13 Tenders
Gjakova	6,210,926 €	7 Tenders
Pejë	5,614,044 €	17 Tenders
Therandë	4,505,105 €	6 Tenders

Concerning investments made by MEST, there is a more proportional distribution among Kosovo municipalities. Nevertheless, the municipality of Theranda, hometown of then Minister of Education Enver Hoxhaj, has benefitted millions of Euros more than larger municipalities like Peja, Mitrovica, or Gjakova. "Preportr" has analyzed the overall distribution of public investments made by these two ministries among Kosovo municipalities.

**Municipal Distribution of PTMT Investments**

Prishtina	17,568,152 €	13 Tenders
Prizren	10,695,812 €	12 Tenders
Theranda	7,635,384 €	10 Tenders
Peja	6,895,368 €	12 Tenders
Gjakova	5,827,188 €	10 Tenders
Mitrovica	5,098,024 €	8 Tenders
Skenderaj	4,810,321 €	9 Tenders
Drenas	3,329,966 €	6 Tenders

Of total, municipalities known as traditional strongholds of PDK and those with considerable electoral interest have benefitted more compared to municipalities with larger number of inhabitants.

**Municipality Distribution of total investments made by MTPT and MEST**

	MTPT	MASHT
Prishtina	18,711,795 €	17,568,152 €
<b>Total</b>		<b>36,279,947 €</b>
Skenderaj	19,002,584 €	4,810,321 €
<b>Total</b>		<b>23,812,905 €</b>
Prizren	12,484,173 €	10,695,812 €
<b>Total</b>		<b>23,179,985 €</b>
Lipjan	13,518,671 €	4,393,460 €
<b>Total</b>		<b>17,912,131 €</b>
Drenas	12,137,395 €	3,329,966 €
<b>Total</b>		<b>15,467,361 €</b>
Mitrovica	8,061,438 €	5,098,024 €
<b>Total</b>		<b>13,159,462 €</b>
Peja	5,614,044 €	6,895,368 €
<b>Total</b>		<b>12,509,412 €</b>
Theranda	4,505,105 €	7,635,384 €
<b>Total</b>		<b>12,140,489 €</b>
Gjakova	6,210,926 €	5,827,188 €
<b>Total</b>		<b>12,038,114 €</b>

Based on public investments made, municipality of Skenderaj sits atop of much larger municipalities such as Prizren, Mitrovica, Peja, Gjakova. Nevertheless the graph remains the same as there are no drastic differences between the municipalities. However, a large portion of the bids has been contracted to companies close to PDK, or consortia that include at least one company from traditional strongholds of PDK. Clearly, the contracts assignment has been conducted based on political interests. Therefore, these investments do not have the stated effect for the areas since the winning companies are those close to the political power. This way, the funds dedicated to the municipal investments, even in those not traditionally known as PDK ones, are diverted to the municipalities that have always voted this party. The graph also shows that small municipalities like Theranda, Skënderaj, or Drenas have either even or exceed amounts of public investments in Mitrovica, Gjakova, or Peja. Therefore it is clear that we are dealing with certain benefits from public investment projects, but also profiting of companies with certain origins from such projects depending on the interest of the political party in power.

#### Ministries reject meeting "Preportr"

"Preportr" has requested the Ministry of Transport and Ministry of Education to provide access to bid documents, in order to gain a complete and clearer insight on procedures according to which contracts have been assigned by these two ministries during 2008 – 2010. Preportr's aim was to verify the compliance of these bids with the

provisions of the Law on Public Procurement and to find out if these two ministries had previous capital investment plans before deciding to invest on certain regions of the country. In spite of official request made for meeting and following up for three weeks the departments of procurement in both ministries did not respond to "Preportr's" request.

#### Public Procurement – the most affected sector by corruption

According to the Kosovo Anti-Corruption Agency the public procurement is the sector mostly affected by corruption. The Agency has continuously stressed in its reports that public procurement in Kosovo in most cases violates the law to benefit certain persons or companies. "Deeds or misdeeds in most cases refer to clear violation of procurement procedures as prescribed by the law through assignment of contracts that favor certain economic operators, and eliminating the operators that fulfilled the criteria of the call for bids file" says in Agency's report for 2010. Senior Investigations Officer at the Agency, Blerim Kelmendi, informed "Preportr" that most frequent form of corruptive action regarding public procurement relates to abuse of official duty, favor certain companies over the others, massive falsifying of documents, abuse of official duty by procurement commissions, falsifying the diplomas of technical staff, falsifying authorization of international enterprise representation or falsifying their licenses, and bribery. The Agency's report for 2010 supports the claims of this officer. The report claims that: "during investigations proofs have

been found that indicate massive falsification of official documents that intend providing certain economic operators with public contracts. In cases they even use fictional names of professional personnel and falsify contracts with specific persons that have never been employed by those economic operators, or falsify reports for completion of duties that have not been completed although the contracting authority has completed the payment. Equally problematic is proving and verifying the completion of the duties towards the state as such documents have also been falsified continuously. Bribery takes place mainly in cases when favors are other benefits are to be exchanged". Since its establishment, the ACA reports have stressed that public procurement is the most affected sector by public funds abuse. The 2009 report concludes a situation similar to one in 2010. It states that "most often, open violation of public procurement procedures and the Law on Public Procurement has taken place by favoring certain economic operators for public contracts and eliminating other operators in spite of fulfilling the criteria ascribed by the call for bid file." Also the 2008 report of the Agency concludes that the situation within procurement system is very grave with constant violation of the law in power. "Application of procurement procedures by the departments violated the law on public procurement; frequently the law is not applied at all, official documents are falsified (such as reports on procurement procedures), payments being made prior to completion of the assignment or before they have even started. The most scandalous part of this is that such documents are approved by the managers of the institutions" states the Agency report.

#### Results of positive investment contested

Those closely informed on the government's public expenditure state that capital investments made by these two ministries have not generated the expected results. They are skeptical with the manner how these investments were made and where the money has been invested. For them, the governments until now, and especially the last one, did not have a specific economic development plan or a feasibility study which would determine the investment priorities. Lumir Abdixhiku, director of Riinvest Institute, disagrees with the way how millions of Euros have been expended for capital investments. He considers that the justifications of the government officials that the public funds have been invested in the areas that have not seen any investment for years are not just since the public funds must be invested projects that can regenerate them. "The government's argument state that, the regions where investments were made, the regions they come from, have historically been the least developed. However, the capital investments are made wherever there is regeneration potential" states Abdixhiku. For the Chair of the Kosovo Chamber of Commerce, Safet Gërxhaliu, public investments were made without a concrete plan and as such have ended in the pockets and regions close to the politics. "Kosovo lacks a development plan. Had we a development plan, investments would generate economic development and reduce unemployment" states Gërxhaliu ■



## MEST and MTPT Award Bids to Companies with Suspended Licenses:

# Unlawful Tenders

## STARTS ON THE FIRST PAGE

### ARTON DEMHASAJ

Several millions of Euros have been given in an open violation of the law. The violation of the law in a number of bids investigated by "Preportr" has been confirmed by very officials of Kosovo institutions. The investigation shows that in seven reviewed bids more than 2 million Euros have been awarded to 4 private construction companies although at that time the Ministry of Trade and Industry had suspended their licenses due to failure to meet the operation criteria.

**1. NNT "Mirusha Transport" nga Klina, ka marrë tender nga MTPT-ja më 24.10.2008, në vlerë 114,719 €.**

**2. NNP "Tosi" nga Peja, ka fituar tre tenderë nga MASHT-i.**

a) Më 06.10.2008, ka fituar tender në vlerë 815,840 €.

b) Më 03.11.2008 ka fituar tender në vlerë prej 427,842 €.

c) Më 17.10.2008 ka fituar tender në vlerë prej 81,878 €.

**3. NNTSH "Sallahu" nga Kaçaniku, ka fituar tender nga MTPT-ja, në vlerë prej 326,400 €.**

**4. NPN "Bajramaj" nga Theranda, ka marrë dy tenderë nga MASHT-i.**

a) Më 07.11.2008, ka fituar tender në vlerë 126,602 €.

b) Më 02.10.2008 ka fituar tender në vlerë 252.924 €.

Totali i shumës së dhënë katër kompanive me licenca të pezulluara është:

# 2.146.205 €

The Committee on Constructions and Licenses at the Ministry of Trade and Industry, according to the law on construction, is authorized to suspend and revoke licenses of economic operators when failing to meet technical criteria. According to the law, a company with suspended or revoked licenses cannot be awarded a public bid. In spite of this, companies with revoked bids have won bids of the Ministry of Transport, Post, and Telecommunications (MTPT) and of the Ministry of Education, Science, and Technology (MEST).

### Duration of Suspended Licenses:

1. NNT "Mirusha Transport" - Klinë 926-70457391 6 muaj 17.09.2008-17.03.2009

2. NNP "Tosi" - Pejë-383 80461275 6 muaj 17.09.2008-17.03.2009

3. NNTSH "Sallahu" - Kaçanik 541-80021194 6 muaj 17.09.2008-17.03.2009

4. NPN "Bajramaj" - Therandë 448-70251052 6 muaj 17.09.2008 -17.03.2009.

In spite of clear prohibitions, these companies have been awarded bids to construct

and reconstruct roads and schools.

As these companies did not have the right to exercise construction activities, while the decision of the Commission on Licenses was still in power, awarding bids to them contains acts punishable by the law ranging from abuse with official duty, impingement of free competition, to potentially corruptive acts. Further, according to the law, the companies should re-apply for licenses after expiration of revocation period. When "Preportr" contacted "Bajramaj" company from Theranda to ask about their revokes license, their representative claimed that the company's license had never been revoked, although such decision has been made public in the website of the MTI. The representative of "Mirusha Transport" from Klina admitted the licenses revocation, but stated that the company had complained and has no information on what has happened afterwards, meaning if the decision had been annulled or not. He also confirmed the bid awarded by MTPT. Nevertheless the complaint filed by "Mirusha Transport" legally does not nullify the decision, until a new one has been taken. On the MTI's website one cannot find a new decision related to revoked license for this company. "Preportr" has made attempts to have answers from representatives of two other companies, "Sallahu" and "Tosi" through their

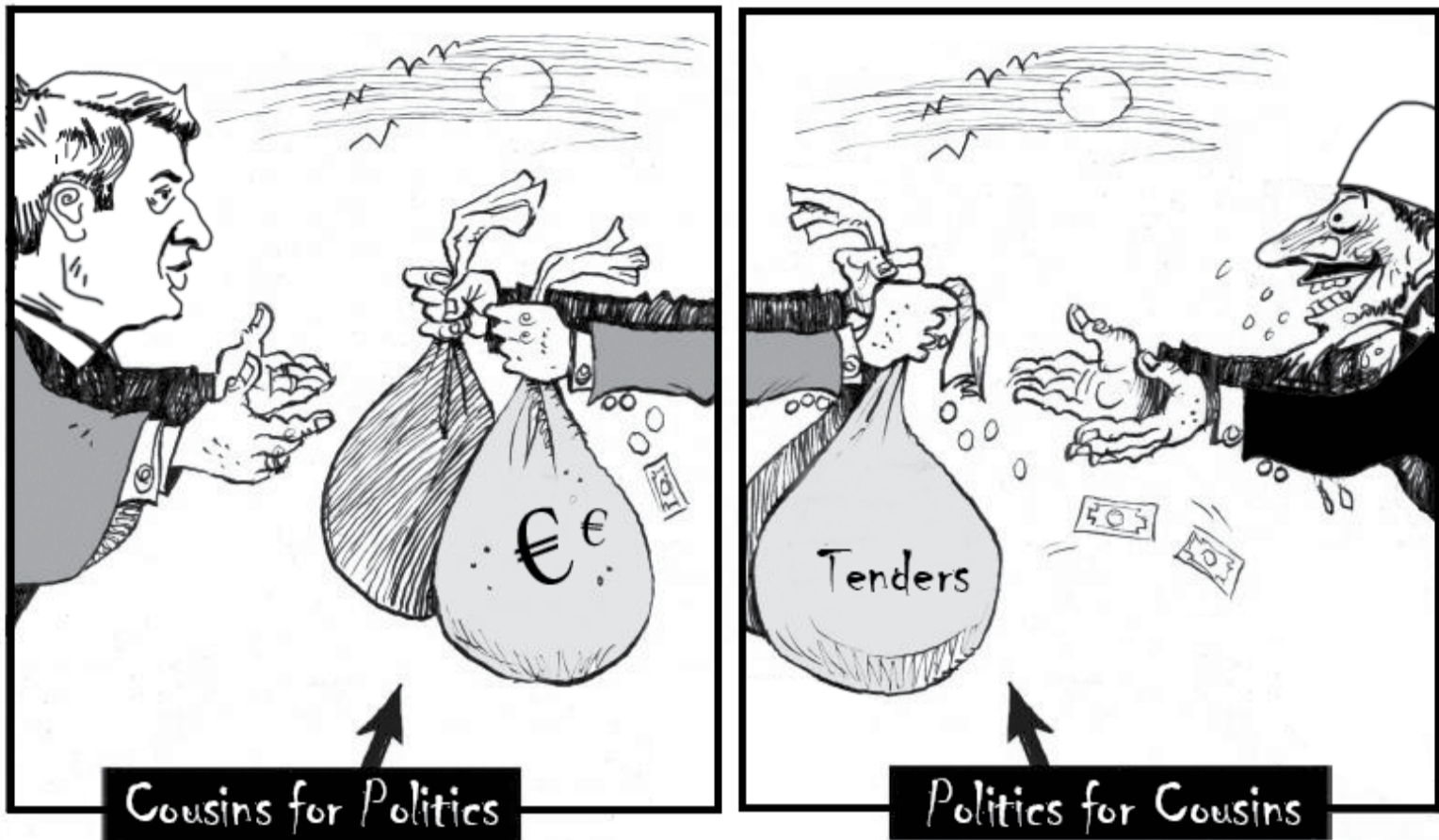
official numbers. However, communicating with them was impossible.

Although "Preportr" has made several attempts to contact representatives of MTPT and MEST, none has accepted to meet. Ilir Kryeziu, Director of Department on Construction at MTI confirms for "Preportr" that each construction subject must be licenses by MTI. "Companies cannot exercise their activity without a license." The Market Inspectorate is in charge of overseeing the licenses," states Kryeziu. According to him, the Commission for Licensing Construction Subjects decided on revocations, and the list of revoked subjects, that it annulled ones, and those decisions are made public on the MTI's webpage, and are passed on to competent bodies such as KRPP, Institute of Public Health, and APP. Kryeziu explains that the Commission for Licensing Construction Subjects does not undertake punishing measures against the companies that have violated the decision on revocation. According to him, the sole punishment measure applied by the Commission is suspension, in fact, the decision to revoke the license. On the other hand, Ilaz Duli, member of KRPP states that according to the law in power the economic operator cannot be contracted a new service for the period of suspended license, and that the ministries that approve such bids violate

the law. Such prohibition is made possible by the current law on public procurement with Article 65 paragraph 4, paragraph 4.5, and paragraph 4.11 and Article 69. The Administrative Directive 10/2010 on "Licensing construction subjects" through article 35 paragraph 4 and article 40 paragraphs 1 and 3 prohibit awarding bids to companies with suspended licenses. According to Blerim Kelmendi, senior investigation officer at the Kosovo Agency against Corruption, awarding bids by the Procurement Departments of respective Ministries to the companies with suspended licenses could be considered as abuse of official duty by the representatives of the procurement commissions. According to the Criminal Code of Kosova, abuse with official duty is considered a criminal act against the official duty and as such is punishable criminal act. Although majority of cases in possession of the KAaA come from the procurement sector, they claim that they had had no information that bids had been issued to companies with suspended licenses. Annual reports of KAaA for 2009 and 2010 provide proofs on massive falsification of official documents that intend securing bids for certain economic operators, using at times fictional names of professional personnel and falsifying employment contracts with individual that have never been employed by those operators.



Foto: Lorik Bajrami



PDK Financiers win multi-million euro bids the Political

# Magic of 500 Euros Donation

STARTS ON THE FIRST PAGE

**FLORIE XHEMAJLI**  
**QËNDRIM BUNJAKU**

**PRISHTINA, MAY** – Many financiers of PDK, that have won public bids, have stated that they had donated 500 Euros to this party. But the auditor’s reports show an enormous disproportion between declared and donated amounts. Millions Euros of public funds have been given to companies that declared donations of 500 Euros to the party in power.

Millions of Euros, funds of national budget, have been given to a number of private enterprises, whose owners have financed the Democratic Party of Kosovo’s (PDK) electoral campaign during local elections of 2009. The amount of almost 40 million Euros has been given to 8 companies through 24 public bids by the Ministry of Transport and the Ministry of Education. Owners of these companies, according to the official audit report of CEC, have provided funds for campaign financing during PDK’s electoral campaign in local elections of 2009.

**Amount of funds awarded to companies that financed PDK campaign 2009**

**Total 39,818,600 €** 8 Winning Companies  
24 Tenders

A comparison between companies that have won bids of these two companies with the data acquired from the Kosovo Agency

for Business Registration (KABR), and official audit report of CEC, shows that millions of Euros of public funds have been given to the companies that have directly financed the PDK’s electoral campaign in local elections of 2009. The companies had won the bids during 2008-2010, period when PDK held power after elections in late 2007. From contacts established with a number of chairs of these companies, the “Preportr” has received confirmations that those companies that had provided funds to PDK’s local election campaign in 2009. A number of them have denied financing PDK, although data from the CEC report are identical with those in contracts that Ministry of Transport and the Ministry of Education have signed with their companies. The data match also those provided by the KABR. A chair of company has categorically rejected to answer “Preportr”’s question related to financing of PDK, claiming it a personal matter. Beside data from the auditor and KABR, “Preportr” has found that the law on Financing of Political parties has been violated in two cases. Such violation has taken place when chairs of two companies, winners of bids, have exceeded the limits prescribed by the law related to the amount of funds that physical subjects can donate to political parties.

### Confirmed donations

After contacting a number of financiers to the party in power, it is clear that bid winners have donated to PDK. Although they talk of low amounts, auditor’s reports often show that amounts reported by po-

litical parties are disproportionate with those reported by legal or natural persons. The company “Magjistralka” declared to have financed the PDK branch in Gjilan with 2,500 Euros, but according to the auditor, the amount reaches 31,500, as the real amount donated to finance the PDK campaign. Megjithëse ata flasin për shumë shumë më të ulëta, nga raportet e auditorit del se jo “Preportr” has found that Naim Besimi, owner of Getoari Company from Prizren has financed the PDK’s Shtime branch with 500 Euros for electoral cam-

**Kompania “Magjistralka”, ka financuar Degën e PDK-së në Gjilan me 2,500 € (të deklaruara) ndërsa, sipas auditorit, të gjetura janë 31,500 € si para që realisht janë dhënë për të financuar fushatën e PDK-së**

paig in 2009. company has benefitted 3,469,557 Euros through three contracts signed with Ministry of transport and 689,626 Euros from a bid won at the Ministry of Education. Naim Besimi confirmed for “Preportr” he had donated funds for PDK’s local election campaign in 2009. In addition, he asked about the amount that CEC had presented in its report, implying that the amount Besimi had donated could be larger than the one reported. “What is the stated amount in the report? Yes, yes, I have donated that amount” added Besimi when “Preportr” journalists asked him if he had financed

PDK’s local election campaign in 2009. Reshat Kamberi, who owns “Engineering” company in Viti, has also donated the PDK branch in this municipality with amount of 1000 Euros. His company has benefitted 1,735,631 Euros through winning 3 bids of the Ministry of Education. Kamberi has also confirmed for “Preportr” to have funded PDK’s campaign in 2009. “Yes, it is true that I have donated that amount to PDK’s branch in Viti election campaign” admitted Kamberi.

Viktor Delia owns “Delia Group” company, based in Tirana, and his company financed PDK’s branch in Shtime with 500 Euros. “Delia Group” has won 1 bid of the Ministry of Transport. Viktor Delia also admitted to “Preportr” to have provided financial means to PDK in 2009. “Yes, I have given money to PDK during electoral campaign, Shtime Branch, in 2009,” explains Delia.

**Jep 500 €, merr 11 milionë €:**  
**Viktor Delia, pronar i kompanisë “Delia Group” nga Tirana, ka financuar PDK-në, dega e Shtimës me 500 €. “Delia Group” ka fituar 1 tenderë nga MTPT-ja në vlerë: 11,760,439 €**

### They Do Not Confirm but the Data Match

Bujar Shabani, owner of “Bageri” company in Ferizaj, financed PDK branch in Shtime with 1000 Euros. The same company won a bid from MTPT in amount

of 829,569 Euros. Shabani refused to respond to "Preportr" whether he had provided financial means to PDK's campaign in 2009. Further he claimed that data on financing PDK are his personal secret. Nevertheless according to official data, Bujar Shabani, owner of Bageri Company is in fact one of the people who have given money to PDK. The data of Business Registration Agency list Bujar Shabani as company owner, and official reports of the CEC auditor on electoral campaigns list his name as one of the financiers of PDK campaign in 2009.

Mustafe Bajraktari, owner of "Bajraktari" company has donated 500 Euros to PDK branch in Vushtrri. The company he runs has won a bid of MTPT, in amount of 123,287 Euros for a project of "Constructing Sidewalk in Runik." "Preportr" has attempted to contact Mustafe Bajraktari, but with no success. Nevertheless the "Preportr" has found out that Mustafe Bajraktari comes from village Maxhunaj of Vushtrri municipality, and according to the contract, the winning economic operator of the MTPT bid, "Bajraktari" is also from Magjunaj.

## Të gjithë nga 500 €

Është interesante që edhe pse të dhënat e auditorit kanë konfirmuar se ekziston shpërputhje mes shumave të deklaruara dhe atyre të dhëna, në të vërtetë shumica e donatorëve që kanë fituar tenderë publik deklarojnë se kanë dhënë donacion prej vetëm 500 eurosh për PDK-në.

Ismet Konushevc, owns company "Beni Com" in Prishtina and had financed the Podujeve PDK branch with 1900 Euros. Company Beni Com has won 9,157,830 euro on 5 bids from the MTPT. Konushevc did not confirm to the "Preportr" that he has donated to the PDK campaign.

## Law Violation for Political Party Financing

During the investigation, Preportr has found that dy company owners, who have donated to PDK campaign, have violated the Law on Political Party Financing. Moreover, "Preportr" has also found that a company that has directly benefitted from public bids and has financed the PDK campaign, according the official audit report of CEC has declared smaller amounts of campaign financing than those donated.

Florim Zuka, who owns company Tali from Gjilan, has donated to PDK's branch in Gjilan 8,000 Euros. For the last three years his company has won 6 bids from the MTPT amounting to € 5,475,108. Basri Kqiku, who owns "Bejta Commerce" in Gjilan has donated €10,000 to Gjilan branch. His company has won 3 bids from the MTPT with total value of €7,545,543.

According to official audit report of the Central Election Commission, these two persons, as natural persons, have violated

the law on financing political parties in 2009 with the amounts they had donated. The report states that Florim Zuka has donated €8,000 and Basri Kqiku has donated €10,000. Their acts have violated the Kosovo law on financing political parties as in capacity of legal persons they are not permitted to donate more than 2000 Euros within in a calendar year. "Political subjects are allowed to receive contribution from natural persons in the amount not exceeding €2,000 (two thousand Euros) per calendar year," states article 5, paragraph 1.1. Law on financing political parties foresees that such amounts can be donated only by legal entities, and not natural persons. Article 5, paragraph 1.2 states that "political subjects are allowed to receive contributions from legal entities in the amount not exceeding ten thousand (10.000) Euro per calendar year." Nevertheless, "Preportr" has found that the company Magjistralka had declared to have financed PDK's Gjilan branch with €2,500, while the auditor report shows that the amount of €31,500 has been donated to fund the PDK campaign. In 2008, Magjistralka had won a portion of the bid "Winter maintenance of the regional roads in Kosova" for Gjilan region which amounted to €291,251. The bid had been issued by the MTPT.

## Gaps in the law on financing political parties

The Law on Financing Political Parties does not prohibit private companies that had won contracts with public institutions to donate funds towards financing political parties. Neither does the law prohibit the private companies that finance political parties to compete and win bids of public institutions. On the contrary, the law on financing political parties indirectly allows private companies that provide services to public institutions to also finance political parties. Article 15, paragraph 3.3.5 states that "political subjects that accept contributions from public enterprises, which, through contracts with state institutions perform services, should prepare a special list of accepted contributions." There are other shortcomings in the law especially related to penalty provisions. Realistically, the law imposes only fines when its provisions have been violated, but no other penal sanctions. As such, the law is considered incomplete to prevent or fight activities that may be of corruptive character. "Preportr" sought to contact officers at the Ministry of Transport and Ministry of Education but neither responded to requests for meeting. Furthermore, "Preportr" has sent official requests for meeting and in spite of waiting the response for more than three weeks, neither of ministries replied back.

## List of Bid- Winning Companies and the amount won

### 1. "Getoari"

Në vitin 2008 kompania "Getoari" ka fituar tender nga MTPT-ja për "Ndërtimim dhe Asfaltimin e Rrugës Dragobillë-Shkozë" në vlerë 365,865 €.

Kompania e njëjtë në vitin 2009 ka fituar tender nga MTPT-ja për "Ndërtimin e rrugës Reqan-Llukvicë-Struzhë" në vlerë 2,416,111 €.

Në vitin 2009, kompania "Getoari" ka fituar një pjesë të tenderit përkatësisht LOT 6 për "Ndërtimin e urave në zgjerimin e rrugës nacionale M9, segmenti Sllatinë-Gjurgjicë" në vlerë 687,581 €.

"Getoari" ka marrë punë edhe nga MASHT-i, ku në vitin 2008 ka fituar tenderin për "Ndërtimin e shkollës fillore në Prizren faza e II-të". Kontrata për këtë punë kapë vlerën prej 689,626 €.

### 2. "Engineering"

Kompania "Engineering" në vitin 2008 ka fituar tenderin nga MASHT-i për "Ndërtimin e shkollës fillore" Letanc Podujevë në vlerë 491,648 €.

Në vitin 2009, "Engineering" ka fituar një tender tjetër nga MASHT-i për "Ndërtimin e murit mbrojtës në shkollën fillore Nebregoshte-Prizren" në vlerë 23,439 €.

Në vitin 2008, kompania "Engineering" ka fituar tenderin për "Ndërtimin e objektit të shkollës fillore në Kamenicë, faza e I-rë" në vlerë 1,220,554 €.

### 3. "Delia Group"

Kompania "Delia Group", në vitin 2009 ka fituar LOT-in 2C në tenderin nga MTPT-ja, "Zgjerimi i rrugës nacionale M9, segmenti Sllatinë-Gjurgjicë i ndarë në 5 LOT-e". Vlera e kontratës që "Delia Group" ka fituar është 11,760,439 €.

### 4. "Bajraktari"

Kompania "Bajraktari" ka fituar tender në vitin 2009 për "Punimin e trotuarit Runik" në vlerë prej 123,287 €.

### 5. "Bageri"

Kompania "Bageri" ka fituar tenderin për "Rehabilitimin e rrugës M25.2 Prishtinë-Gjilan, pjesa Hajvali-Mramuer", në vlerë prej 829,569 €, nga MTPT-ja.

### 6. "Beni Com"

Në vitin 2008, Kompania "Beni Com", ka fituar tenderin për "Ndërtimin dhe asfaltimin e rrugës për Jezerc L=7.270m" në vlerë 950,023 €, nga MTPT-ja.

Në vitin 2008, "Beni Com", bashkë me një kompani tjetër ka marr tender për "Mirëmbajtjen dimërore të rrugëve magjistrale regjionale të Kosovës" regjioni Prishtina A në vlerë prej 618,987 €, nga MTPT-ja.

"Beni Com" ka fituar tenderin për "Ndërtimin e rreth rrotullimit-Obiliq (rrugë-kryqi Shkabaj)", në vlerë 2,745,984 €, nga MTPT-ja.

Në vitin 2008, "Beni Com", ka fituar tenderin për "Zgjerimin e rrugës M2 (Prishtinë-Mitrovicë) segmenti Prishtinë Shkabaj, LOT II" në vlerë 4,266,234 €, nga MTPT-ja.

Në vitin 2010, "Beni Com" ka fituar tender për: "NDËRTIMI I RRUGËS STROFC-BEQUK-MIHALIQ (K.K VUSHTRRI)", në vlerë prej 616,602 €, nga MTPT-ja.

### 7. "Tali"

Në vitin 2008, kompania "Tali" ka fituar nga MTPT-ja tenderin "Hartimi i projektit për zgjerimin e rrugës magjistrale M9 Prishtinë-Pejë, segmenti rrugor Udhëkryqi F.Kosovë-Udhëkryqi Arllat L=25 km" në vlerë 576,345 €.

Në vitin 2009, ka fituar tenderin "Rikonstruimi i rrugës Hogosht-Kopernicë" në vlerë prej 410,152 €.

Në vitin 2008 kompani "Tali", së bashku me 2 kompani tjera, ka fituar tenderin për "Zgjerimin e rrugës M2, Pjesa Çagllavicë-M2/M25(QMI)km 1+600 deri km 5+200 faza e dytë, LOT1" në vlerë 2,799,411 €.

Në vitin 2008 ka fituar tenderin për "Asfaltimin e rrugës lokale Muqivërc-Dajkoc-Qarakoc-Kolloleq" në vlerë 410,131 €.

Në vitin 2008 ka fituar tenderin për "Asfaltimin e rrugës Karaqevë e Poshtme-Muhovc" në vlerë 149,635 €.

Kompania "Tali" ka fituar edhe një tender tjetër nga MTPT-ja, për "Asfaltimin e rrugës Pogragjë-Dobrosin" në vlerë 1,121,434 €.

### 8. "Bejta Commerce"

Në vitin 2008, kompania "Bejta Commerce" ka fituar tenderin për ndërtimin dhe asfaltimin e rrugës Zajqec-Tuxhec, L=6,547,71 km në vlerë 1,043,543 €.

"Bejta Commerce" ka fituar një pjesë të tenderit për "Ndërtimin e rrugës regjionale R(105) Palca - Vushtri, pjesa e I-rë prej km 0+000 deri 8+583,06 dhe pjesa e dytë prej 8+583,06 (e ndarë në dy pjesë/ LOT-e) në vlerë 1,677,786 €.

Në vitin 2009, "Bejta Commerce", ka fituar edhe një tender tjetër nga MTPT-ja për "Ndërtimin e rrugës regjionale R209 Bresalc-Kishnapole-Gadime-Vrellë-17.17km" në vlerë 4,824,214 €.