

By Lena Cali*

Shyqyri Haxha, a Kosovo-Albanian by origin, received his PhD from City University London in 2004, and that same year joined the electronics department at the University of Kent in Canterbury as a lecturer. Four years later, in December 2008, he was appointed CEO of the Post and Telecommunications of Kosovo (PTK) in a unanimous vote by its board of directors.

It only took a few months for the leading Kosovo daily, *Koha Ditore*, to discover a major scandal in PTK.

According to the newspaper, the new CEO sent 40 PTK employees to Kent University for three weeks of training, at a cost of 400,000 euros (US\$596,000). Based on the Public Procurement and Regulatory Commission report, the newspaper indicated that PTK committed a series of violations of Public Procurement Law, because the tender procedure never took place, and the process leading to the agreement with Kent University was not carried out in accordance to the appropriate regulations and procedures.

In May 2009, the Public Procurement and Regulatory Commission also discovered that PTK purchased a luxurious BMW worth 70,000 euros (US\$104,000) for the new CEO. In response, Haxha filed a complaint to the Press Council of Kosovo against the newspaper, alleging that its articles diminished his public image, but the council ruled in favor of the newspaper.

Public perception of corruption

These cases illustrate well enough why the *Early Warning Reports*, a survey by the United National Development Program (UNDP) Kosovo, regularly places publicly-owned enterprises at the top of the list of institutions where the population perceives “large-scale corruption.” This perception was recorded for the first time in June 2007, and it hasn’t changed since.

According to these quarterly surveys, 50 percent of the Kosovo population believes that corruption is rampant in the Kosovo Energy Corporation; 45 percent of respondents think there is corruption in the Kosovo Trust Agency that manages the privatization process; and around 40 percent suspect corruption in the PTK, general administration, courts and customs.

Kosovo was an international protectorate under the United Nations’ Security Council Resolution 1244 between June

1999 and February 2008, when it declared its independence from Serbia. All of its public assets and enterprises were internationally managed until 2007, when the transfer of competences from international to local management was completed.

While under international management, PTK's market stand suffered. The global recession, the raising competition on Kosovo's telecommunication market and the appearance of a new private mobile and Internet provider contributed to the decrease of PTK revenues. In 2008, the company registered a 26 percent drop in profits, and by the first quarter of 2009 it had lost an additional 15 percent.

Still, PTK remains powerful. It has three major business units: Post of Kosovo, Telecom of Kosovo, and Vala 900 mobile network operator. The Vala 900 unit alone is worth between 700 and 800 million euros (about US\$1.2 billion), according to government estimates.

PTK also is a public enterprise and one of the biggest employers in Kosovo, providing jobs for more than 2,700 people, in a country where almost half of two million inhabitants are unemployed, according to the Kosovo Statistic Office. Also, 37 percent of people live in poverty and 15.2 percent live in extreme poverty, according to the World Bank.

The Organization for Democracy, Anti-corruption and Dignity (COHU, in Kosovo), the leading public oversight entity in the country, says that the politicization and corruption in the public sector enterprises remain the main characteristics of Kosovo's fragile economy and public enterprises.

COHU points out that certain appointments are conflicts of interest, such as the appointment of telecommunications businessman Dino Asanaj to the board of Kosovo Trust Agency (KTA). This agency is responsible for the privatization and the development of policies for the public mobile operator Vala 900 (one of PTK's three divisions), but according to the COHU, Asanaj is a stakeholder in a PTK's competitor, the private mobile operator IPKO (Internet Project Kosovo). Therefore, his appointment is a clear conflict of interest, COHU concludes.

Corruption in land administration

Corruption also is a major issue in the land management administration sector of the country. According to a study by the Organization for Security and Cooperation in

Europe (OSCE), the illegal occupation of property remains rampant, property rights records have become unreliable, the illegal construction and informal settlements have exploded, and informal illegal transactions continue unabated.

Before the war, about 40,000 Serbs lived in Prishtina (today, it is believed there are only about 140 left) and Slavica Milunovic was one of them. As a Serb from Prishtina, she lives and works in Smederevska Palanka, a town 60 kilometers south-east of Belgrade. She moved there in the summer of 1999, after the end of the NATO bombing, when most of the 250,000 Serbs fled Kosovo (the number is still debated in Kosovo).

It took Milunovic eight years to recover ownership of her apartment in Prishtina. In almost a decade-long struggle for her property rights, Slavica faced many obstacles. Her flat was sold to another person without her consent, her husband's signature was falsified in the contract, and the false contract was certified by the Municipal Court of Mitrovica.

Back in 2005, she was informed by the Housing and Property Directorate (HPD) that her claim was suspended from procedure. "We received a copy of the contract of sale from the people who were occupying our flat. The paper shows that we, apparently, sold our apartment for 20,000 euros (US\$29,500), four times less than the real estate market price. But we never sold the house. It appears that the signature of my husband was falsified," Slavica says.

Her case is not the only one. An OSCE report on the Civil Justice System in Kosovo emphasizes that forged authorization of property transactions is a "widespread pattern".

"Many individuals are using the current circumstances of displacement and non-communication between Kosovo and Serbian institutions to commit property fraud, using falsified documents issued in Serbia and Montenegro," the report reveals.

Lawyer Zivojin Jokanovic has become a living legend among property claimers in Kosovo. Still active in his mid-70s, Jokanovic runs an office in Prishtina that is visited by both Albanians and Serbs. Over the past eight years, he has dealt with more than 350 civic property lawsuits. Jokanovic says forged documents are a common feature in property transactions.

“By the legal procedures of Kosovo, anybody can get an authorization to someone’s property by simply going to court,” he explains. “In cases where the party to the property transaction is not the person signing the contract, the signatory must possess written legal authorization certified by the court. Usually people who have some connections in courts are getting authorization by showing false identifications or false signatures. Often, these identifications belong to dead people or even non-existing people,” Jokanovic says.

He adds that a ‘connection’ inside the court means a friendly judge or clerk.

Jokanovic says that “when the seller is represented by a third person, a court official must verify that the third person signatory is legally authorized.” But, in Jokanovic’s experience, more than 30 percent of the lawyers in Kosovo are involved in those kinds of transactions.

“I cannot blame my colleagues. It is the legal system that allows them,” Jokanovic says.

Rame Gashi, president of the Lawyers’ Chamber of Kosovo, an organization with 500 members, confirms Jokanovic’s allegations. “Neither the chamber, nor me have the exact data on how many lawyers are involved in illegal property transaction. But I do know that some of my colleagues cannot be proud of what they did,” he says.

“One day, the state and the police will have to deal with this problem,” he adds.

The 2008 report of the Kosovo agency against corruption listed courts and other judicial institutions as the second highest in number of cases of suspected corruption, following the Kosovo government itself.

European perspective

The report *Enlargement Strategy and Main Challenges for Kosovo for 2009*, by the European Commission (EC), clearly indicates that corruption is a key problem for the young Kosovo democracy.

“Corruption is prevalent in many areas and affects the everyday life of citizens and the business environment. Areas that require particular attention include public procurement and privatization, the judiciary, the financing of political parties and transparency in public administration and government,” the report states.

It also highlights that Kosovo's European future depends on the progress of the fight against corruption.

Avni Zogian, the head of COHU, has no illusions about the extent of corruption in Kosovo and about the kind of consequences it has on the European future of the youngest country in the world.

“Corruption in Kosovo is a child delivered by two parents: the Kosovo government and international actors. We are too big a problem for the EU and the region, but we will continue to fight,” he says.

**Lena Cali is a reporter based in Kosovo.*