

Oil Workers' Rights Protection Committee

OBLIGATIONS TAKEN BY AZERBAIJAN BEFORE  
EUROPEAN COUNCIL  
CORRUPTION AND POVERTY

Special Bulletin  
Of  
“Azerbaijan Against Corruption” Survey Group

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We express our gratitude to Royal Norwegian Embassy in Azerbaijan

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Author writings in this special bulletin were published in newspapers. These writings are shortened in this bulletin.

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“Baku Kheber” (Metanet Muslumgizi)

“Tezadlar” (A.Mammadli)

“Bizim yol” (Razi Abasbeyli, Mahammad Ersoy)

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## FOREWORD

In Azerbaijan, which is in 125<sup>th</sup> place in list of 133 countries adopting corruption index, major part of population (official data 45%, expert opinion 70%) lives in poverty. To decrease this level in minimum, since 2003, multidirected development banks continue to allocate finances for implementation of State Program on “Decrease of poverty and development of economy in 2003-2005”.

At present 55 projects/programs are being funded by different development banks (World Bank, European Reconstruction and Development Bank, International Currency Fund and Central Asia Bank) in Azerbaijan. Some of them are going to be funded. 7% of funds allotted by these banks is for agriculture, forestry and fishery, 5% for reestablishment program of economy, 4% for improvement of living circumstance and privatization, 6% for transport, 3% for education and health, 67\$ for energy sector. It is seen that credits are taken for development of different fields of economy and for eliminating poverty by this development. It is very pity that corruption and bribery are faced just in these fields where credits are taken. So from one hand financial helps are taken from different banks for development of country economy, from another hand as a result of corruption going on in country, incomes go not to budget but to pockets of certain persons. As a result rights of 90% of 8 million population are violated twice. Because of corruption people lives in permanent poverty and state is obliged always to repay debt (repayment of received credits).

Most part of population is in bribery and corruption. Today, new-born child opens its eyes with bribe, lives in bribery and dies with bribe. Bribe, corruption, poverty that are close contacts with each other and complete each other.

OWRPC founded “Azerbaijan against bribe and corruption” survey group for implementation of this Project prepared on purpose of weakening an impact of this problem than entered in Azerbaijan’s daily life and that is getting high. Members of group are consisted of journalists writing about just this field:

Zamin Haji  
Asif Merzili  
Razi Abasbeyli  
Mahammad Ersoy  
Metanet Muslumgizi

Goal of group is to conduct survey in press of corruption and bribery facts in country, to present these facts to judgement of public through press, to attract public’s attention in this field, to form public opinion, to inform Commission created by decree of President on Fight with Corruption and etc. Group does not fight with officer dealing with corruption and developing it (relevant bodies exist for it), we research and analyze reasons of corruption, search its motivations and try to create resistance of public and keep public itself away from corruption bribe. We try that independent journalists and NGOs be much more active in realization and work of the law “on Corruption” which is one of obligations of Azerbaijan

taken before EC. Our aim – is to make active the joint struggle of mass media and civil society against this dangerous problem.

## **INTERVIEW**

Is there a corruption in crediting?

A.MAMMADLI

Talk with head of independent “Azerbaijan Against Corruption” Survey Group that announced start of its activity at press conference held at Baku Press Club, July 6, was about special weight of corruption in crediting.

We mention for information that now they say that amount of credit debt that Azerbaijan must repay along with percent is about \$10 billions.

Only volume of credits to be allocated on projects planned for 2004 by Multidirected Development Banks (World Bank, European Reconstruction and Development Bank, International Financial Corporation, Asian Development Bank) is \$2 billion and \$216,000,000. Allotted credits are considered for energy field, agriculture, forestry, fishery, education, transport, communication, trade, industry and prevention of floods and etc.

Our talk is about fortune of received credits and corruption facts in spending of funding allotted from State Oil Fund.

Our first question to Mirvari Gehramanli:

-Do you see corruption in crediting?

-There is no field in Azerbaijan where corruption does not exist: energy field, health, construction, education, water equipment, transport, communication an etc. In activity of corrupted fields credits received from overseas play big role as financial device. Money embezzled by certain minister or office head is not considered for successful activity of certain field of production, it is allotted credit for development of that field. It is dangerous.

-What will be the attitude of new established “Azerbaijan Against Corruption” Research Group on this issue?

-I'd like to note that public orientated group will work under slogan “Corruption in Azerbaijan – Azerbaijan in Corruption”. You know that corruption exists in water facility, agriculture, education, health, energy fields and etc. According to official information we obtained from one of international organizations a large scale of funds are involved in all corrupted fields. Corruption is too weak in fields where credits are not allotted. Corruption is much in fields where credits allotted.

Now I see official documents and information. Only in energetic field one project was considered to be implemented for 2004 and \$1 billion and 480 million credit was allotted for it. Remember that 4 big projects were carried out with “Century’s contract” and according to our last information number of credits lifted up to \$9 billion. So far in many fields credits were allotted. Look, in which field do you see development? Maybe agriculture or production of grape, cereal, potato has lifted? Maybe there are many tractors and combines in cereal fields? Even Ministry of Agriculture finds it difficult to cooperate with certain company for buying combine. Maybe there is a big difference in energy and water equipment of Baku regarding Soviet period? “Absheron Regional-Water” Joint Stock Company gets credits every year. But where does this fund go? Why Baku streets are full of people carrying water with bottles, pots in summertime? Why majority of roads,

excepting main ones, of Baku are not available for transport? Why Baku swims in sanitary lakes as it rains? Maybe heating system of city is all right?....

That won't do! Corruption in education is unbearable. Every year familiars win tenders and only pictures and pages of books are changed but context is the same. Reform in education must begin from office of minister not from school. Reforms needed to be conducted in appetite of heads of education departments, school directors, and many teachers. What can be done if new born child or child going to the first class get into corrupted atmosphere? Then it turns out that funds allotted from state budget every year and received credits were spent wrong. So financial victim of corruption is credit fund to be spent for development of education (or other fields).

I've to mention that information that our group obtained will be summarized and will be prepared like a report. Then it will be submitted to leaderships of International Banks allotting credits, Azerbaijan's high governmental bodies, and government. Then these reports will be published in form of bulletin and be placed in Internet. Will be published in domestic and foreign press.

-What is the risk of repayment of Azerbaijan economy credits of which are thieved?

-According to statistical reports Azerbaijan is developing. Let's see our repayment opportunity. Just pay attention to State Oil Fund. As all eyes on oil now so spending of funds of this organization is in center of views. But unfortunately much more little funds are allocated for non-oil sector from this Fund. On the eve of presidential elections president I.Aliyev promised workplaces for 600,000 peoples. It is impossible to arrange these jobs if credits and Oil Fund funds are spent for non-oil sector so less. First level of poverty must get low. For it many workplaces have to be opened. And it will cause growth of budget devices. There's corruption in Azerbaijan's national oil sector and drilling and construction in national oil part delay. Only in 1995 SOCAR took \$20 millions credit, I don't know what ether they repaid it or not probably not. We will deal with it, too.

- In what years more credits were taken and in which fields they were invested?

- For now I put aside the question in what fields they were put. But I can say that researches show more credits were taken during election times. Why just those times? Much more were taken in 1995, 1998 and 2003. For instance, in 1994 about \$50 millions were taken and in 1995 it was climbed to \$180 millions. Next years (1996, 1997) this number was low. In 1998 there was sharp growth – up to \$340 millions. In 1999, 2000, 2001 and 2002 it again got low. Even volume of credits taken in 2001 was lower than of 1994. But growth for 9-10 times in 2003. About \$870 million. Interesting, isn't it?

If it will go like this Azerbaijan may fully be dependent on foreign countries. I worry about crediting and its repayment.

- Why you worry about allocation from State Oil Fund (further SOF) for construction of new settlement for refugees?

- First SOF doesn't still have conception. And there is weak control on spending of funds allotted from Fund. They say there's no money in budget. Because credits to be spent for development of production fields are victims of corruption. SOCAR

took \$100 millions debt from SOF to repay its debt. So far for construction of new settlement for refugees and displaced persons \$76 millions were allotted from SOF. No one held monitoring if allotted money was spent right. According to exact expert opinion that we received, at least 40-45% of money allocated for houses built in Goranboy, Horadiz, Agdam, Yevlakh, Mingechevir, Khanlar and etc. places, was embezzled. For example, I just read in your newspaper in due time that on one of those 2-3 room houses \$9-10 thousands were spent. But such houses can be built with \$3,5-4 thousands. We already applied to relevant international organizations and in close times we will hold monitoring in those buildings constructed by Gachginkom. We will submit a document on result to leadership of SOF, International Currency Fund and other organizations...

## **OIL**

BP's main functioning in economical crimes of the Aliyevs

Razi ABASBEYLI

Serious changes against our country were made in contracts signed before H.Aliyev on exploitation of "Azeri", "Chirag", and "Guneshli" fields. According to primal contract versions that we have, BP Company would not have any share in our country's oil production and export. Share of this company was considered as 1% in prepared primal contract projects. In February of 1993, visit of Amoco Company's main office representative to Baku and talks with government was concluded with render of 1% share to BP. That agreement considered that Amoco could give 1% of its 15% share, receiving in contracts, to BP Company in form of leasing.

BP's role in state revolution

BP Company indirectly supported the change of power by force of weapon, in Azerbaijan, June of 1993. This company, achieving nothing from Azerbaijan oil, was making serious efforts to change democratic power in Azerbaijan by making mafia forces work. As well, they tried to delay signing ceremony of oil contracts. If you remember, at that time Great Britain's Prime Minister Margaret Thatcher made unexpected visit to Baku. Surely there were little details behind that visit. Visit of Europe's iron lady to Baku was to have discussions on BP Company's participation in Azerbaijan's oil exploitation. But defense of state interests and resistance of national government left M.Thatcher's visit useless. Of course Englishmen were much more interested in how to get Baku oil and if the power was not together with them in that issue, they tried to use revolution moments, that could be occurred, for their benefit.

How and why has H.Aliyev sold Azerbaijan oil to Englishmen?

Not only Azerbaijani press tries to get answer to this question. A year ago we personally met and had discussion with 6 European professors interested in my surveys on BP activity in Azerbaijan. We address our surveys to foreign

organizations as a reply to attacks made on us by Internet. Almost final report of all the discussions we had was that after the Aliyevs came to power, relating oil exploitation many works have been done against state's benefit.

H.Aliyev, for keeping political power, gifted natural resources of country to Englishmen and Americans, as he wanted. For example, in world experience, during tender of open field to a foreign company, tender must cover exploration costs. Also in no country, wells discovered with oil are not given to use of foreign investor. If given it is demanded from user to cover exploration expenses. Till H.Aliyev such a demand was shown in contracts, after his arrival to power that was eliminated from contracts. As a result it was agreed up to \$470 millions to be spent during 75 years for exploration of only "Azeri" well would not be paid. It was one of big presents made to BP by H.Aliyev.

Second part that was significant for Azerbaijan and eliminated from contracts is connected to sale of produced oil to world markets. In no country in the world Company dealing with exploitation does not deal with sale of certain country's oil in world markets. Just for participating in production, according to primal agreement, that company gets some part of incomes. In Azerbaijan it is vice versa. Another state interest gifted to BP by H.Aliyev is connected to just sale of oil. Now, SOCAR sells a ton of produced oil for \$45 to BP and BP sells it in world markets for \$240 with average account. It is not so difficult to count amount of money earned.

- Now oil produced by BP is 6,4 millions of tons.
- SOCAR produces 8,9 millions of tons of oil.
- SOCAR spends 4,4 millions of tons of production to internal demand, 2,5 millions is got to world market by Baku-Novorossiysk line and 2 millions is sold to overseas in forms of different fuels.

Here is an interesting detail. It is very hard to get information on where and how that 2 millions of tons are spent. As mentioned above that 2 millions are sold to BP in price of internal energy shippers. And BP sells product that bought in internal market prices, to foreign countries in world market prices.

By the secret gentleman agreement signed between the Aliyevs government and BP, BP buys a ton of oil for \$45 and sells for \$240, and \$195 in this difference makes with an average account  $195 \times 2$  millions of tons = \$3 billion 900 millions a year. And according to that gentleman agreement this money is divided between BP and the Aliyevs.

## **SURVEY**

Why does "European-Tobacco-Baku" works with damage?

Azerbaijan's great potential economy has passed socialist planned development way by 1995.

Current generation remembers this period well that covered long years. It was that time when USSR government had a serious attitude on unemployment. Even every young aged 18 who served in Army and not having daytime education, was demanded information on his occupation form "uchastkovi".

In 1995-1998 State Program on privatization of State Property was prepared in country.

There was not other was except creation of new economic mechanism in place of destroyed socialist system. Mentioned State Program was reflecting market economy, independent development, free functioning and ownership of property right.

In September of 1995, Privatization Law started to work and that Law confirmed "State Program on privatization of State Property in 1995-1998".

That program also was promising Azerbaijani citizen bored from socialist rule, wanting to choose free operating way and go on, the prosperous life, useful job and financial provision.

In "Goal and duties of privatization" part of that program it is openly written that goal of privatization is to improve population's life, to attract investments in economy, to create self-adjusting market economy environment and etc.

But is this goal realized in ventures given to privatization since that time, especially ones bought by foreign investors? Did employees working in those enterprises receive dividends? Is labor right of employees protected? Unfortunately, inquiries and complaints entered our editorial confirm that in enterprises privatized so far even many lost their former jobs and live under dangerous circumstance.

Why Baku Tobacco Combine gets anger now?

One of profitable fields given to foreign investors on State Privatization Program is Baku Tobacco Combine.

Some former employees of this venture which was a subject to Soviet economy for long years, that in those years no body was unpleased of life. Even number of people wanting to get job there was high.

Now it is vice versa. Why?

By relevant decision of Azerbaijan Republic's Ministers' Cabinet and of former State Property Committee (further SPC), in basis of Baku Tobacco Combine "R.C.Reynolds-Tobacco-Baku" Ltd. is created. With inexperienced conditions: Azerbaijan – 45%, "Star" (taxi – red) – 5%, and foreign company –50%. But during operating time of Ltd. Company, mentioned foreign company representative faces some serious problems: hardness of "agreement talk" between "R.C.Reynolds-International BV" company head and SPC 's former chair N.Nesibov; later obstacles; axis mark problems and etc. But general manager of mentioned company Sam Hood turns out that faced problems are done on purpose and there is another foreign company wanting to posses Baku Tobacco Combine. Hands of representatives of this company are too long. ( about this later).

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So Baku Tobacco Combine becomes subject to disagreement between companies trying to posses it. Meanwhile tobacco workers, hoping for State Privatization Program and preparing "to swim in milk lake", suffer this. Government, instead of

taking urgent and strong measures, tries to normalize situation on papers by giving decisions. But..

What was Sam Hood asking Prime Minister Artur Rasizade for?

Mr Sam Hood, general manager (Baku representative) of “R.C.Reynolds-International BV” company saw that situation was critic and their activity was openly interfered from high levels and he wrote a letter to Prime Minister Artur Rasizade, on September 8, 1998.

We submit letter as it is. Perhaps former officers and other officers, playing with fate of Baku Tobacco Combine for their own benefits, will read this letter on newspapers and remember the past well. And it will be clear for readers that why no one can get their promised dividends so far in privatized enterprises...

So Mr Sam Hood writes in his popular letter:

“To Prime Minister of Azerbaijan Republic Mr Artur Rasizade!

September 8, 1998.

Dear Mr Prime Minister!

Already 4 months pass from our last meeting with you and that you signed a decree on change of axis tax system for locally produced cigarettes. No matter it is very important issue to decrease axis but to take only this step is not enough for anew creation of new local tobacco industry.

As it was mentioned in our letter of May 9, 1998 and during meeting held between us on May 1, current cigarette market of Azerbaijan is full of foreign import, quality and source of which is under question. These cigarettes are brought by reasonable tax and privileged sale that is useful for their importers. Local producers are still damaging and that’s why Azerbaijan producers face cheap foreign imported cigarettes.

None of importers who got license in Azerbaijan add, according to relevant laws, axis marks and so destroy all hopes for anew creation and development of local industry.

By our approximate accountings from the beginning of year till now more than 6 billions of cigarettes were imported in Azerbaijan. And only less than 1% of mentioned cigarettes were imported on ground of rules of axis taxes and marks appointed by You and Ministers’ Cabinet.

Because of such offense of Azerbaijan laws, about \$100 millions was hidden from state budget and Azerbaijan tax bodies from the beginning of year till now. If going this way volume of this damage may climb to \$200 millions till end of year.

“R.C.Tobacco Baku” has modern equipment for cigarette production and is ready to meet the demand of Azerbaijan market fully, as promised.

As control is weak on observing the import rules, we have not managed to provide our market with quality local cigarettes, all required taxes of which are paid. Azerbaijan is one of countries that does not demand full payment of axis taxes and customs fees by relevant laws on foreign import. 8 months are given to importers to get rid of products without marks that they have and to establish their activity according to newly imposed rules.

We request you to help an adjustment of import market of country and its equal entrance in Azerbaijan's markets.

We hope that you will solve the problem and look forward to hearing from you soon.

Sincerely,  
Sam Hood

General Manager

"R.C.Reynolds-International BV" company

Unfortunately Sam Hood faces another landscape instead of his expectance.

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Prime Minister A.Rasizade replied to letter of foreigner manager of main producer of Azerbaijan's most profitable field - Baku tobacco Combine, with his following official decree (letter).

Instead of taking measure, Mr Hood was punished by the same decision of Minister, of July 6, 1999, # 118-S.

It is said in decree:

"By accepting offer of the commission created by decision #104 of June 17, 1999 of Cabinet of Ministers of Azerbaijan Republic and taking into consideration offence of Azerbaijan's legislative acts while foundation of "R.C.Reynolds-Tobacco-Baku" Ltd., not observing terms of foundation contract by joint enterprise fully and in times, not forming the Charter Fund in time according to law, sharp decrease of production volume as a result of not preparing equipment, massive dismissal of employees, creation of many debtor and creditor debts:

1. As a result of not sharing stocks of "R.C.Reynolds-Tobacco-Baku" Ltd., it was impossible to set share of Azerbaijan in form of stock. Ministry of Agriculture and SPC must ensure the return of all actives of Baku Tobacco Combine put in Charter Fund of "R.C.Reynolds-Tobacco-Baku" Ltd. and their render to Baku Tobacco Combine.
2. State Property Committee:
  - Must ensure inventory of Baku Tobacco Combine and evaluation of property complex according to Azerbaijan's normative acts;
  - By Decree of Azerbaijan Republic's President of May 19, 1998, #804, must carry out privatization of Baku Tobacco Combine;
  - During privatization of Baku Tobacco Combine, must consider in purchase-sale contract, solution of legal interests and social problems of labor collective, also regarding payment of salaries duties of new proprietors of enterprise.

A.RASIZADE,  
Prime Minister of Azerbaijan Republic.

So after this resolution of A.Rasizade, “R.C.Reynolds-Tobacco-Baku” Ltd. was eliminated. Then in order to realize sale and purchase of its stocks, a contract #49/1-99 was signed between chair of SPC N.Nesibov and new foreign company “Sorex Management Inc” on August 16, 1999.

We will later talk about contract terms and how these terms will be observed by purchaser company. For now let’s pay attention to another issue. Relation with “R.C.Reynolds-Tobacco-Baku” Ltd. was broken forever on July 6, 1999 (prime minister’s resolution). After 40 days (by calendar) a contract was immediately signed with another foreign company. As is that another company was waiting its time stocks in hands. But for implementation of first term (must ensure inventory of Baku Tobacco Combine and evaluation of property complex according to Azerbaijan’s normative acts) of second part of resolution of prime minister mentioned above, from point of current reality much time needed. But...

Who invited “Sorex Management Inc” company to Azerbaijan?

At last, a contract on purchase-sale of “Baku Tobacco” Joint Stock Company, was signed between former chair of SPC Nadir.Nesibov and Mr Arnald Pierre, authorized representative of “Sorex Management Inc” company, August 16, 1999. A day later – August 17, 1999, Record was made on results on sale of stocks of Joint Stock Company in investment contest.

Contents of commission is interesting, too: commission chair – SPC’s deputy chair Barat Nuriyev, followings are members: Rauf Suleymanov – head of investments and sale department of SPC, Namig Tagiyev – head of organization of contest and tenders department of SPC, Mubariz Huseynov – economist of department of Work with Financial Ministry, Banks and Expensive Papers, Ilgar Elekberli – head of International Tax Relations department of profitable tax attraction department of State Tax Inspection, Ayaz Aliyev – head of Protection of concurrence and control on observance to antimonopoly legislation department of State Antimonopoly Politics and Assistance to Ownership Committee, Kazbek Kerimov – head of Agrarian-Industry Complex department of Economy Ministry, Ildirim Mehdiyev – head economist of Baku city, Nizami district’s executive power, Tofiq Agayev – head of privatization department of “Baku Tobacco” Joint Stock Company’s.

Then terms of contest, offers and evaluation of these offers are shown. Then honorable signatures and stamp of foreign company.

By the way, by current legislation of Azerbaijan, when there is a buy-sale contract between sides (just as in house, sheep sale-buy), there are address, bank account, and other notes.

At last there is signature and stamp of SPC chair N.Nesibov. It is known that SPC is state organ and its address is known. What about buyer organization’s address? We stood on this. For instance in place for company’s address there is written:

“Britain, Virgin islands, Tortola city, Roud Taun T.O.Box. 3152, Palm Chambers N 3”

We searched in Internet for Great Britain’s cities and settlements, even named Virgin Islands, named street and etc. information. We could not find mentioned address, yet. We learned from other source that “Sorex” company is France one.

We will submit detailed information on this in future. We don’t aim at surveying geographical-national originality of this company. We want to know why “Sorex” company, duties of which are shared by SPC chair and all mentioned above, can not give dividends to its employees? What’s reason? Why enterprise works with damage?

Here is official information about whether “European Tobacco Baku” Open Joint Stock Company was giving high salary and dividends to its employees for last years or not. While reading this information you will think that employees of OJSC “were swimming in milk lake”. But state bodies answered OJSC’s employee complaining about dividend issue, that “enterprise works with damage”. Is this possible  $2+2=1$ ? But you see that it is possible.

Venture works with profit or damage?

Let’s find answer to question in official position. For example, written reply of “European Tobacco Baku” OJSC officials:

“General information on “European Tobacco Baku” OJSC

By decree #118 of July 6, 1999 of Azerbaijan Republic Ministers’ Cabinet and decision #413 of July 8, 1999 of SPC, “Baku Tobacco” OJSC (since February 16, 2000, “European-Tobacco-Baku” OJSC) was founded on basis of Baku Tobacco Combine, tender was announce for contest and “Sorex” firm, entering the contest with investment program amounted at \$49,8 millions, wined and owned 92,5% stock envelope.

“European Tobacco Inc” company that is founder of “European-Tobacco-Baku”, operates in 35 countries. In “European-Tobacco-Baku” factory more than 23 types of cigarettes are produced. Company is biggest foreign investor investing in non-oil sector in Azerbaijan. By 01.11.2001, 7 billions and 779 millions of filter cigarettes were produced amount of which is 369,0 billions Manat and from these \$9,78 millions amounted cigarettes were exported to Middle East and other CIS countries, free economy region of Turkey, Mongolia, Pakistan, United Arab Emirates, and other Arabian countries and volume of this will get high.

By 01.11.2001, factory paid more than 106 billions Manat (including debts of former Baku Tobacco Combine) to state budget and non-budget funds. In October of last year, 381 millions and 30,000 Manat debt of former Baku Tobacco Combine to public insurance was paid by enterprise. In 2000, cigarettes of \$1,83 millions were exported overseas and only in 10 months of this year it climbed to \$7,9 millions, 4,3 times more”.

Everything is clear: obligations taken while privatization of venture, having high technology resources, are observed and its activity is widen, economic indicators get high.

Plus, it is nonsense that enterprise in which about \$60,000,000 was invested, works with no income. High investment, high technology, modern equipment and etc. So there is everything for high quality cigarette production and it is a major term of profitability!”.

“enterprise with 5 diplomas would not work with damage!”

Occasionally we got information bulletin of “European-Tobacco-Baku” OJSC that is published 2 times a month. It turned out that OJSC took part in “Tobacco Expo – 2002” International Forum in Moscow, September 30 – October 30, 2002 and returned country with 5 diplomas. Bulletins write high labor of collective, labor of leadership, importance of investments and etc. played big role in this.

We, too, congratulate the collective on these 5 diplomas, but....

Perhaps, no one still cannot believe that this enterprise with 5 diplomas work with damage. We also didn’t trust. But had no way except believing after official reply written by S.Mammadkhanov, head of department at Taxes Ministry, to shareholder Gulare Bayramova (on her complaint).

We submit that letter of September 18, 2001, # 10/02-26/04:

“To Gulare Bayramova, living at Baku city, T.Abbasov str., 15, apart. 40!

Department by Taxes Ministry on big taxpayers and work with special regime enterprises, seeing your application on dividends, state that by reports presented by “European-Tobacco-Baku” OJSC, society, according to results of 2001, worked with damage estimated 4,773,537,000 Manat.

That is why dividends were not counted and paid to shareholders.

S.Mammadkhanov,  
Department head”

Now you know that “European-Tobacco-Baku” OJSC in which about \$60,000,000 was invested, with 5 diplomas, work with damage.

Why “European-Tobacco-Baku” OJSC worked with damage in 2000?

Who and what made Rufet Guliyev, chair of presidium of OJSC, break Law on “Joint Stock Company”?

What kind of official warning and demand was put on R.Guliyev for breaking this law?

How Taxes Ministry found out difference between “working with damage” and “working with income” of OJSC?

What is real production power (with production power of “Log” technological apparatus) of OJSC?

What promised Pierre Arnald in official information on “Sorex Management Inc” company, which is headed by him and why he forgot these “promises”?

(Survey’s continuation will be in next bulletin).

## **PRIVATIZATION**

Last year of big robbery....

Mahammad ERSOY

Since privatization started in Azerbaijan, numerous surveys on robbery of state property have already been reacted by international courts. Criminal case opened on popular businessman Victor Kojeni in Hague court is not concluded, yet. In some chapters of the case on this person who is accused of financial machination there are names of Azerbaijan officers. World press writes that process will be ended in close future after primal testimonies.

Names of Azerbaijan officers in this machination were mentioned in first days of investigation. 300-paged indictment says they, too, will be talked in trials. We remind you that in primal testimonies of this accused person is said that officers who received a check from him and promised he would take part in privatization of SOCAR, then did not give checks back and let him participate in privatization. Meanwhile company's vice president Ilham Aliyev, company's president Natig Aliyev and heads of SPC are named in this list.

Now we are going to write about privatization process that is being forgotten by Azerbaijanis. Indeed much more illegalities happen now in comparison with time till liquidation of SPC.

Citizens are not admitted in check auctions both as legal and physical persons, no one are informed of privatization of enterprises, price of enterprises presented to privatization, are different for real buyers and persons changed into buyers by help of high. In privatization of state properties power family takes part not citizens. Economic Development Minister Ferhad Aliyev does all this illegalities.

All mass media bodies, including TV channels and provincial radios, say that privatization is going in country and prices of stocks of certain enterprises are announced to possess them. By some official information sources information on value of precious papers are diffused. But these processes are nothing but "show". These figures, demonstrated in social-economic life of country change nothing. However not in developed countries but even in ones getting independence after Soviets, privatization is over and changes of prices in markets of stocks and precious papers impact on economic data. This is vital for internal market indicators. Differing from other former "brother" countries, in Azerbaijan privatization is not ended and as well, precious papers do not change something in life of medium Azerbaijanis. All this say that privatization of state properties in Azerbaijan is for state men, themselves. Privatization that is advertised every day does not change anything in list of finances in budget. Funds entering in budget are too low. Pay attention to statistics: by primal data, in January of current year, in Azerbaijan's state budget expenses are covered 59,7%. Incomes of state budget were forecasted 493,3 billion manat but it was 393,9 billion manat. In other word, implementation of state budget on incomes is 79,8%. In this statistics again tax and customs organs did their duties on collection of tax and fee more than normal. But for January no transfers are made to state budget from Oil Fund. And it is a main cause for not implementing state budget. Low level of incomes, coming from privatization, in state budget and their absence in general statistics are evidences for above mentioned words.

Information of Economic Development Ministry (further EDM ) for last year reflects these: in 2003, 1,677 small enterprises and objects were privatized and

their total amount is 36,6 billion manat. Generally, from beginning (1996) of privatization till 1<sup>st</sup> January of this year, 38,701 small enterprises and objects were privatized in payable auctions and their total amount is 599,4 billion manat. Here share of auto transport enterprises and means is 43,8% (16,965), facilities enterprises 25,1% (9,720), trade 8,1% (3,137), public facility enterprises 2,2% (867), industry 1,94% (751), petrol stations 1,5% (593), construction 1% (388), agriculture 0,3% (122), communal enterprises 0,28% (109), other enterprises and appliances 15,2% (5,894).

Almost when we compare decrease of incomes, from privatized enterprises, with volume of funds entered in budget in 2003, everything is obvious.

Pay attention to information of EDM. We can see very low level of budget incomes, if to count funds to be entered budget from enterprises privatized only last year and funds transferred to budget by foreign investors who received options for taking part in this process.

Let's see statistics on sold stocks. Last year, 40 OJSC were created in basis of big and medium state enterprises, by EDM. (in 2002, this number was 97). Totally by January 1 of this year, stocks of 1,526 enterprises (also 346 industrial ones) were sold by ministry and they amounted 5,377,8 billion manat (more than \$1 billion). In 2003, EDM submitted stocks of 206 OJSC that estimated 326,4 billion manat and stocks amounted 122 billion manat were sold. In closed writing and qualified check auctions among members of labor collectives 55,4 billion mantas of stocks were changed into privatization shares. In payable auctions 24,5 billion mantas of stocks and in investment contents 42,1 billion mantas of stocks were sold.

Seeing these statistics it turns out that today Azerbaijan state and budget has earned billions of mantas from process. But is it true?

In reality Azerbaijanis can get income from privatization only by selling their privatization shares that they have in hands in black market. After privatization started majority of former enterprises changed into OJSC do not work. Control stock packet of operating ones is in hands of foreigners. By surveys, none of OJSC returned stocks of stockholders who are in minority. Even in ventures working with income, incomes are hidden from tax and budget and their shares are not paid. There is no check investment fund in Azerbaijan functioning check buy-sale operations with population. "Sigma" check investment fund operating during the beginning of privatization is closed for so long. Then it turned out to press that it also belonged to one of heads of SPC. After that man was eliminated from his post fund, too, was shutdown. Now there is only one shop dealing with check sale. But journalists' survey proved that this shop that is placed in 28 May square does not work for a year. So far some organizations were established to conduct free control on privatization process in county. But none of them managed to do that job. Some of creators of them were experts in opposition and that is why they could not interfere process. Some were created by help of government and that's why were not effective.

Government lifted use of privatization shares for more 2 years. But it is absurd to think that checks will change something in lives of citizens.

## **LAW**

Fight against bribe from source of bribe...

Do you remember that Ilham Aliyev signed a decree on March 3, 2004, on force of law "On Fight against Corruption"?

But in 13 January, 2004, while this law was confirming by state's head, it was determined that law will work from January 1, 2005. Signed last decree considers creation of basis for working of law.

By decree, Ministers' Cabinet (MC) was assigned to coincide legislation and normative-legal basis of country with this law within 3 months. To prepare law bill determining types of responsibility on violation of law "On Fight against Corruption". During this time, MC must prepare project of Resolution on Commission on Fight against Corruption and to submit to president.

In addition, decree considers creation of Department on Fight against Corruption by Head Prosecutor's Office. General Prosecutor was assigned to submit to president within a month proposals on department's authorities, functions and issues concerning provision of its activity. Government was also assigned within 2 months, to coincide "State program on Fight against Corruption" with law "On Fight against Corruption" and international documents in this field.

Adoption of law "On Fight against Corruption" is one of requirements of European Council. Adoption of law bill in first reading was realized in December of 2001. Law was adopted in its second and third readings in autumn session of 2003.

This is a constitution of official basis of fight against corruption in Azerbaijan. Official Baku obliged to implement duties taken before European Council has to adopt this law. Decree on law should be concluded till next summit of EC Parliament Assembly. It is one of important terms.

We held a questionnaire among different parts of population to learn their attitude on this issue. We could express reaction of society on this law without this questionnaire. 45 respondents took part in our mini questionnaire. 6 of them are high class pupils of secondary school, 15 teachers, 9 physicians, 3 journalists, and 12 with different specializations and unemployed ones. None of them believe that law adopted in this way will prevent bribery. Only 20% of them said "I don't know". 80% answered negatively.

Attitudes of participants of our questionnaire and EC experts are same. Bill of law "On Fight against Corruption" was returned at least for 5 times from EC. Official Baku said about return of bill that it was connected to mistakes in translation into English. But it then was turned out that it was next lie to society.

After last visit of ECPA it was turned out that there were gaps in law. And it is declared those gaps still exist. Lack of some assistant laws and legal normative acts required for normal work of this law interferes work of law.

## **HEALTH**

### Corrupted Azerbaijan health

Metanet Muslumgizi

Eksimbank allotted \$250 million credit for Azerbaijan, in 1999. \$10 million and half of this is for health.

European Union allocated \$100 million for Azerbaijan. \$35 million of this is for health.

Besides, Ministry of Health brought to Azerbaijan medicines amounted 20 million ekju allotted by EU.

While world wide popular medical expert Debeyka was in Baku he told \$5 million credit allotted.

### Investigation left incomplete and with no result.

In 1999-2000, Ministry of Home Affairs began investigations on health. Many information distributed at that time say expiry date of most of medicines brought to country was over. This information was mentioned in investigation materials, too.

Credit debts are not repaid, still. Tamilla Kerimova, chair of medical commission of Helsinki Citizen Assembly says not all credits received for development of health is repaid. She says 50% of these credits is embezzled and they are not spent for relevant fields.

According to T.Kerimova, embezzlements in Azerbaijan's health are mostly done on account of funds allotted for health from state budget. Let's see facts.

### Decreasing hospitals and polyclinics

Since 1995, finance allocated for health from state budget is getting high year by year. For instance in 1998 this figure was 155,04 billion manat, in 2001 it was 266,8 billion manat. For last 3 years this figure lifted more 25-30%. But despite all this helps, there is no free health care for population and bribe is demanded in this field.

Corruption facts are seen obviously in speedy decrease of number of medical enterprises. In 1997 there were 768 hospitals in country, in 1999 it was 739. In statistics it is written that hospitals are closed or sold.

In 1995 number of polyclinics was 1779 and in 1999 it was 1611.

### Milk Kitchen and those, "benefiting" from it

There is a tradition in Azerbaijan remained from Soviet times: newborn child gets kid meals, different nutrition till 1 year. It was done in polyclinics. Now mothers bearing child can not get any meal for their kids without money from polyclinics in which they are registered. What is reason for that? In many families people think that after collapse of Soviet Union state does not have money for it. But it is not so. In comparison with mid of 90ties today finance allotted to health from budget lets every newborn child be provided with free nutrition till 1 year. But all over the republic mothers, having milk sucker kids, are deprived of buying free nutrition. As we found out some part of funds allotted for health is considered just for Milk Kitchen. By finance allotted for keeping Milk Kitchen, nutrition is made to distribute to kids in country. This process is carried out by Milk Kitchen provided

by “Bakzdrav”. In Baku city are produced “tvorog”, yogurt and other dairy products. But no mother, having milk sucker kids, is provided with it.

Personnel reform involved in corruption and mafia

One of problematic fields of health in Azerbaijan is connected to assignment of personnel. Maybe this is only country in the world where an assignment, depending on territory, of private physician, head physician, and even medical sister is possible with special determined price.

In Azerbaijan main physicians of hospitals, polyclinics, and birth houses are changed every 5 year. Health Minister Ali Insanov appoints Main physicians personally. In their appointment prices are according to standard figures. For instance, appointment prices of main physicians are different in city and districts. In city’s popular and central hospitals it is \$30,000-50,000. After being appointed main physician is allowed to take breath for 6 months, in best case 8-10. It means it is not required money from him. After end of this time he has to give money to ministry, as his colleagues. Other wise he cannot work.

Bribe sources in medical enterprises

Minister in health care enterprises appoints only main physicians and head employees and main physician appoints all employees himself. Surely it is not possible without bribe. Main doctors pay some part of money to Ali Insanov by taking money from those he hires. Another part of that money is taken by citizen who is treated in hospital. Other source of money comes from sale of drugs used in medical enterprises. All medicines given to hospitals, polyclinics and birth houses, on account of state budget, are sold by rear door. This money is collected directly by main doctor.

Moneys eaten from reconstruction

Some part of illegal money collected by heads of medical enterprises comes from finances determined for repair of these centers. Repair of medical enterprises in country is done by “tradition” formed during long years. Construction is realized by moneys that are cut from salaries of medical employees. But in official documents moneys are allotted from budget for repair.

Officers of Ministry of Health are aware of all these issues. It is proved by the facts that embezzlement facts mentioned above are implemented by direct orders of senior officers of Ministry of Health.

## **POSITION**

In Azerbaijan there stands the head of state in top of bribe  
Razi ABASBEYLI

Absolute change of power demands possibility of organization of effective fight with bribery in Azerbaijan. Of course it is a political issue. And surely there many to be done in country by point of economy, too.

- First, there is still no law in country reflecting declaration on incomes of state officers.

- World's popular financial organizations criticized for many times mistakes in principles regarding entrance and spending of funds collected in Oil Fund.

- Disadvantaged chapters in "Century's contract", signed in 1994, are still not presented to open discussion of public. Despite insists of NGOs for many times, contract was presented to public in form of resume.

- Press covered for many times information and facts about creation of purposeful subsidies in purchase of electric energy and in documents between oil refineries and SOCAR.

- In 1995, regarding privatization of state property, it was found out that billions of dollars were embezzled. Even for privatization machinations members of Azerbaijan government were attracted in courts.

- During land reforms equality was broken, landowners were demanded a big amount of bribe.

- Government's policy of personnel reforms bases upon bribe.

In massive expansion of bribe law enforcement bodies and courts play big role.

Citizens realize the biggest bribe payments by these systems. By all parts of society, bribery is carried out on these 2 systems. Bodies responsible for protection of laws break laws themselves and demand bribe from citizens and it causes corruption illness of society.

Child attending to kindergarten witnesses that parents "respect" teacher and child thinks that it is just respect. Then that child thinks that this kind of "respect" is tradition.

Then pupil going to school sees that parent gives money for having its child to study in well-repaired room.

Then this child, itself, becomes a side who gives bribe. Pupil coming to classes everyday is wanted money for clearance of rooms, repair, purchase of white cloth, and etc.

Then teachers demand gifts from pupils in holidays. Then pupil continues its education in high education institutions.

Then military service begins. First someone gets military card by money. Someone pays money for getting in good conditioned military division. Some has its name in Army but "serves" at its home, some gives money in division where he is placed for being comfortable. Money is demanded for having vocation, getting certain titles and etc.

"Respect" is demanded for having place in medical enterprises, including cemetery.

Since Soviet times till now Azerbaijan is popular with corruption. In period of USSR all illegal incomes in Azerbaijan were under control. After independence,

official Baku lost centralization opportunities of bribe for a few years. During independence while power was changing often bribe factor was getting strong in society. But in time of national government this tendency was interfered much. There were some exceptions. But government did not have any direct role in maintenance of corruption. In 1993, after arrival of Heydar Aliyev to power, country started to be ruled by mechanism built on bribe. Usually powers losing people's confidence, try to keep their power by attracting a group of men in joint crime. For example, for appointment of certain minister millions of dollars are demanded. After appointment that minister demands bribe for low appointments than himself. This reaches to a private Azerbaijani villager.

## **JUSTICE**

What happens in penitentiary #15?

METANET

Prisoners getting out of penitentiary #15 after finishing their punishment, talk about circumstance there. First, we mention some details on penitentiary.

Penitentiary #15 is one with hard regime. It was founded after penitentiary #6 was divided. About 1 hectares of territory was divided in 2. Buildings in residence and production areas were production workshops of penitentiary #6 and they are unavailable for living. Living area of this penitentiary in which there are more than 800 prisoners is too small. It is not possible to establish norms according to international standards here. Prisoners say ongoing human rights violence, corruption, bribery and other illegalities in penitentiaries are higher here. Former prisoners say that their meal is low quality. Prisoners are not aware of norms that are considered for them by state.

“Soup with some potato and vermicelli is given for breakfast, lunch and dinner. Prisoner, if has no help from outside, gets hard illness in best case after 1 year. They are banned to use any press. Neither opposition nor power newspapers are available. Political prisoners are treated partly correct. Other prisoners are treated brutally and savagely. Prisoner who came to serve its term is again interrogated by help of physical aggression”.

Former prisoners say after being beaten for first time they are kept in punishment isolation for no reason. In cool weather these isolations are full of flies. 12 persons are in cells, which are considered for 6. There are no bed appliances for prisoner in punishment cells. “Asking why you enter us here? They answer that it is a law here. We discovered a new innovation here: prisoner is not given a spoon. He has to eat directly from plate. Floor of cells are concrete. No heating. In winter cells are colder than outside”.

By former prisoners after punishment isolations prisoners are kept apart from others with name of quarantine. If you have 100-150 thousand manat you may get out of here the same day and enter the zone. If not you will be made work for 15 days. Work is considered only for getting money and troubling prisoners. They carry a pile of wood or iron parts 100 meters from certain place. New quarantine band carry them back. They are treated in such way in order to promise to bribe

50,000 manat when somebody will visit. Everything in yard of penitentiary such as concrete, iron, wood and etc. remained from Soviet time that can be deconstructed are sold. Surely prisoners do deconstruction works. Already there is nothing to be deconstructed there. For all this works prisoners are not paid any salary or privileges. Actually place called quarantine in Azerbaijan penitentiaries is most suitable place for earning money from prisoners. Prisoner with money enters the zone soon and the one without money after 15 days trouble.”

“If they see someone doing sport they immediately get him in isolation. One band is taken to work in production zone, a day. Despite penitentiary got its production group, it is a next pretext for getting money. There is no work there but for getting bribe from those who are taken to work there is a procedure here existing at no penitentiary. A group of prisoners are told to take some unavailable things from one place to another. Who does not want to do it must give 10-20 packets of cigarettes to a man demanding this work. If he does not have 1000-5000 manat then given cigarettes are sold in shops and heads takes money. If prisoner, who is visited by relatives often, does not give money soon or later he is entered in isolation on some pretext and let out only promising some amount of money”.

Former prisoners say places and bed appliances are sold by money.

In protests, a man named Gasim, deputy chair of penitentiary #15, colonel-lieutenant, is mentioned. For brutal treatment with prisoners leadership warned him for many times.

“Prisoners getting out of here cannot leave this enterprise with normal thoughts. Prisoner desiring to have a normal life says that will leave Azerbaijan after getting out. Others say it is also impossible to live normal in freedom. There is no way but committing crime. We request you to inform the public, press, international organizations on thins happening here.”

It is a part of what we heard from out brothers who talked about their prisoner life with heartache.

## **TRANSPORT**

Transport of bribe

Mahammad Ersoy

As all ownership subjects of Azerbaijan transport sector is, too, in monopoly of officers. There is no profitable ownership sector in country in which there is no interest of some officer. If officers do not directly deal with this closed business, themselves, it is not possible to do some business in this field without their help. One of these profitable sectors is transport. By relevant decree of state head, there was established Ministry of Transport in Azerbaijan. By the document Khazar Sea Navigation Department, Azerbaijan Air Lines Concern, State Railway Department and Baku City Transport Department were to be abolished and entered in named ministry. According to decree, within a month after it was signed Ministers' Cabinet needed to prepare charter and resolution of ministry and present to president. It is up to 2 years that document was signed. But still ministry is not operating by one mechanism.

Some dissatisfactions interfere in forming of resolution of this ministry.

They say that while appointment issue of head of ministry was discussed in government level, head of Khazar Sea Navigation Department Aydin Beshirov was bringing \$80 million to Azerbaijan from overseas. Government directly inspired him in this. After entrance of money in country intelligence bodies started operation. Moneys were taken by intelligence officers and delivered needed address. And it was agreed that A. Beshirov would not be dismissed. So one of candidates was eliminated. President of Azerbaijan Air Lines Concern Jahangir Asgerov was eliminated like this: first large-scaled check ups of Taxes Ministry were carried out at concern. Then information was covered in press that he was companion of the Aliyevs in crime. It was written as if prices of 2 “Boeing” aircrafts bought by funds of state budget were falsificated and millions of dollars embezzled. And “Gazelli” company dealing with sale of cosmetics that is belonged to wife of J.Asgerov, faced pressures by tax check ups. During check ups it was discovered that this company hid \$710,000 from tax for international shipment. So second candidate was obliged to take his candidacy back. According to sources close to government J.Asgerov bribed \$170 million to brother of H.Aliyev Jelal Aliyev for being Minister of Transport. But opposite group inside power interfered an appointment. As a result head of State Railway Department Ziya Mammadov was appointed minister. It is said he paid about \$48 million for this position.

As above-mentioned candidates were deceived during appointment time now they do not want to obey new ministry. Except railway almost all fields of country’s transport are gathered in hands of heads of bodies as it was before such as concern, department and others.

Any legal person wanting to create passenger-shipping company must bribe \$180 thousand to Ministry of Transport and \$200 thousand to Baku city executive power, by showing number of transport devices unlimited. As well for entering the line of some route \$15-20 thousand must be bribed to Transport Ministry and \$10 thousand to executive power. Sum of officially considered fees is not included here.

Volume of bribe collected from internal passenger shipping is not limited with money coming from license giving. After starting its activity company must pay money every month to a structure from where it got license.

It is not so difficult to account sum of bribe coming from this field. But these amounts are changed according to every 3 months of year, sometimes by weeks of month.

## **SOCIAL**

Pension thief

Mahammad Ersoy

About 33-35% of state budget is considered for allocations for social provision fields. But nothing is done for controlling delivery of allotted moneys to addresses. At first sight it seems to both pensioner and observer that there is not so serious

robbery in pension provision and it is not so big sum if 1000-2000 manat is taken from pensioner.

But this number is not small in total. There are 1-1,2 millions of pensioners in Azerbaijan and if an average 1500 manat is taken a month from every pensioner it makes 1 billion and 500 million manata (\$1,5 million). Of course these funds are not gathered in one center. And from this point it is not considered a serious embezzlement. But, interest rates banks for use of funds allotted from state budget for being distributed are exaggerated. Now named social allocations are kept in several banks. Rates of these banks for deposit and use are different.

Local post offices of Communication Ministry are being eliminated from pensions' distribution. Today 70-80% of this work is being done BUS Bank. International Bank is expected to deal with this, too, by current year. But is not possible to get information on accounting documents on interest rates received for services with these banks. Despite validity of a few legislation acts reflecting provision of public control, sometimes these are considered bank secrets and kept away from the press. Documents on accountings carried with one bank for service are confirmed in 2 forms. In one of them bank rate for service is shown 2%, in another 2,5-3%.

Of course these small numbers are millions of dollars in total of year. Since this year official Baku began to use plastic cards for pension payment. For realization of this reform more than \$4 million was allotted from budget. But on spending of this fund no financial accounting document was submitted to public and press. Forced subtract of communal expenses from social allocations became legalized tradition.

No matter how much electricity or blue gas was used by pensioner villager per a month concrete sum of money is taken from him. But indeed, being 20,000 manat per month, 240,000 manat is taken from villager for electricity per a year. Take into consideration that for an energy, 96 kilowatt of which is sold for 96 manat to consumer, 2500 kilowatt/ hour ( $240\ 000:96 = 2500$ ) of electricity can be bought per year by 240,000 manat. But during 24 hours, 5 consumers are given maximum 5-6 hours of electricity during a day. It makes 40 kilowatt for 24 hours within a month per a man and within a year 480-550 kilowatt of electricity use. Energy sellers say that consumers use much more in winters. But we see that volume of energy in winters is too low not only in villages but also in districts and cities.

By the way, experts of State Social Defense Fund are working out project of Azerbaijan's Pension Issue. Now different systems are being applied on accounting of pensions of different categories of population. Adoption of Code will contribute to unification of legislation in pension provision. By information, pensions' accounting and payment will be done on 2 criterions – work experience and size of transfers on forced social insurance. But code will not be adopted soon. For adoption of unificated legislation first it needs to have system of individual social insurance registration. This process is planned to finish in end of 2005.

After that Code can be adopted. Adoption of this law, too, was occurred after some international organizations demanded to provide transparency of budget funds' spending. But adoption of this law is not suitable for pension thieves. That is why those waiting for soon adoption of law are wrong.

## **LABOR RIGHT UNDEFEATABLE CORRUPTION**

Z.HAJI

### **OR HOW INTIZAM SHAHVERDIYEV BECAME UNEMPLOYEED**

In beginning of this year Milli Mejlis adopted a law “on Fight with Corruption”. Fulfillment and validity of law was delayed till January of next year. But some of our citizens began already “to benefit” from it.

“Considering your decree on “ Fight against Corruption and Bribery” as basis, I denied to bribe. After this I faced many pressures.” It was from letter of Intizam Shahverdiyev, who worked in field #1 of Specialized Repair-Construction Department (SRCD) of SOCAR in position of isolator, to Ilham Aliyev. Letter was sent on April 5 and naturally left unanswered. Let’s not hurry and go back to beginning.

I.Shahverdiyev began to work in oil industry since 2000. in 2003, new head called Eynulla Ezimov was appointed to field he works. Shahverdiyev says: “New head began to take 160,000 manat from my salary every month by threats and blackmail. He was taking 200,000 from other workers. Salary in our field changes from 600,000 manat to 1,000,000 manat. I got 700,000 manat as I’m 2<sup>nd</sup> category isolator. When we opposed he threatened us to send to Sangachal or Pirallahi by changing our workplace. In January 28 of 2004, work implementer Arzu Nagiyev assigned me to do work that is not suitable for my category. I denied it and was fired. But real cause was that they lifted amount of bribe from 160,000 manat to 2000,000 and I denied to give that money.”

Now let’s see order 06/K of SRCD head T.A.Babayev: “Shahverdiyev Intizam Guloglan olgu, for brutal offence of labor duties (during work time direct in workplace for making administrative laws offences and not attending the work without any reason) is fired from job by Labor Code, Chapter 70, part “ch”, from March 03, 2004. “

Shahverdiyev applies to court of Khatai district. Here, judge Tahir Ismayilov was based upon documents submitted by department leadership. But why it is unknown. For instance, in act compiled by department it is shown that as if Shahverdiyev has beaten A.Nagiyev with head and insulted him. Just these were meant saying “administrative law offences”. But there are no complaint to police, no expertise opinion and no witness testimonies. By the way court’s attitude towards testimonies of Shahverdiyev’s colleagues in his benefit is strange: “Court reacts critically the testimonies of witnesses Yagub Salamov, Ismayil Allahverdiyev, Eldar Samadov.” Lastly I don’t want to say something on opinion of trade union of department against Shahverdiyev. All know that trade unions, specially ones in oil sector of Azerbaijan are supporting power. No use of expecting justice from them.

Khatai court heard the case on May 17, but in decision it was mistakenly shown “May 16” and new hearing was held on May 21 and mistake in date of decision was corrected. Shahverdiyev thinks in this case so: “A day before hearing head of department told me that they already talked to judge.” Apparently, day of May 16 was “unforgettable day” for judge T.Ismayilov.

Shahverdiyev told some other employees were fired for not giving money, too. And it is a lesson for others.

Shahverdiyev and his collogues seemed naïve to me. They think that Ilham Aliyev, Zakir Garalov, Natig Aliyev are unaware of these issues. They wrote a letter: “Inspiring from your decree...”

## **PERSONAL PRACTICE**

### **MY BRIBE HISTORY**

Zamin HAJI

Last week, on July 6, popular journalists of country held a press conference by leadership of human rights defender Mirvari Gehramanli and announced that they created “Azerbaijan against Bribe” Survey Group. I was there, too. Our purpose is to analyze corruption, which is one of big problems for both society and international institutions, and to cover it in media. Also we aim at educative activity to prevent corruption.

By the way, there were different offers while name of group was being chosen. Lastly we stand on “Azerbaijan against Bribe”. Usually such kinds of names are suitable for court cases and we would like our country to have a big hearing about bribery. And if it is not able to sentence it to death punishment (none of world countries could do that), at least to pull its ear. It is very vital for at least primal stage.

Of course classic “bribe” notion is not coincided with current “corruption”. We know it. We just used “bribe” because it is more understandable for society.

Lastly, after this long prologue on our group, I could fill my first material that I wrote on bribery, with numerous numbers, expert opinions, opinions about Azerbaijan leadership in world’s corruption rating. But I decided that all this could be written then, too and I begin with bribes that I have given so far. Because I think that many charitable goals should be started with confessions.

We started.

First bribe

I think I was lucky in this issue. Now a generation is being formed in country who bribe in school, even in kindergartens. I “paid” my first bribe in 16.

It was 1989. I entered Baku branch of Leningrad Finance-Economy Institute ( old “Narkhoz”, current Azerbaijan State Economy Institute). As I came from village Soviet power provided me with room in one of dormitories in Dernegul. Order of 4 students were given for double room. My roommates are coming from having their bed appliances from dormitory’s commandant. And they say that for having this it

needs to pay 25 manat to commandant ( let's name him like Mikayil). And we know that it is free. 25 manat was good sum at that time. My father who was teacher was getting 150-200 manat salary and my student pension was 40 manat. I prepared 25 manat and went to room of Mikayil. I really was too shy because I could not imagine how I could give this bribe to him. I was thinking that I would insult him with this. I was thinking: "is not he selling some part of his dignity with this?" But commandant, without any shame, asked immediately: "Did you bring money?"

I put money on the table, took things considered by government free of charge and went.

### Second bribe

Differed from "first" it was not difficult to give it. How they say, "it just needs to get accustomed life's unwritten laws".

I was in second year of institute. I got "2" from accounting registration. I did not deserve "5" but "3" was my mark. My name was not in list of professor and price of "price" which was possible with 50 manat before, lifted.

One of friends in dormitory offered help: "it is possible with 200 manat". He was in good contact with professor Namaz (let's call him like that because he died), he will give this 200 manat to Namaz and he will "tell" me. I cannot say how much Namaz took from that money but I was "told". As I bribed I was behaving in examination so indifferently that I did not answered even simple question ("what is basic means?") of accounting registration. I told to professor openly: "if I paid money why you want my answer?". And I got mark without saying anything.

### Third bribe

It was during military service. In hospital.

I had to return to military division after 10 days treatment. I did not want it. Because it was located in front line and circumstance was unbearable there. I paid 100,000 manat (10 "shirvan") to doctor in hospital and longed my period of my "treatment" for more 10 days.

It was only bribe that I paid sincerely. It even can be considered not bribe. Because 10 days serving in our division could cause my health's damage amounted more than 100,000 manat. I am grateful to that hospital for my 10 days "rescue".

### Lastly

I remember these. Indeed I can be considered one of those residents of Azerbaijan who gave fewer bribes. Maybe it is connected to my journalist career. They are afraid in any case.

Naturally, reader may be interested: "did not you receive bribe?" I'm sincere: I'd write here, if I did. Unfortunately I did not, I can't make you happy. There were only offers. Also there are facts that I defeated those wanting bribe from me. I'll write in future.

## MONITORING

Bribe in education is surveyed

Last week, Center for Survey of Public Problems in Media and “New Thought” Youth Center submitted results of monitoring held on “Transparency in education” and survey of corruption facts in this field. But because of known reasons most of press organs could not cover report as it was. Immediately after publishment of report in press, information distributed about pressures on these organizations. Some people threatened heads of organization by applying to court.

Mentioned organizations commenced to realization of second part of monitoring. As a continuation of this campaign they applied to several international organizations on purpose to provide public transparency regarding spending of credits and grants allotted for education. This campaign, that 21 NGOs of country joined, demands to stop for certain time finances given for education, to give disclosure to public on spending of funds given so far and resignation of Mir Merdanov. This monitoring was held in 12 secondary and 9 high schools of country. 4 groups took part in it. Groups held monitoring on basis of closed observations in graduation exams in 9-11 classes of secondary schools and in summer exams in high schools.

- Monitoring was held in Baku State University, Azerbaijan State Economy Institute, Construction Engineers University, Azerbaijan Technical University, International University, Oil Academy, Khazar University, Gafgaz University, and Sumgayit State University.

Bribery data (on ball)

1. Baku State University	20
2. Azerbaijan Technical University	18
3. Construction Engineers University	18
4. Oil Academy	18
5. International University	24
6. Azerbaijan State Economy Institute	19
7. Sumgayit State University	17
8. Khazar University	2
9. Gafgaz University	0

Bribe demanded from one person on one semester:

- Baku State University, History faculty – sum of bribe - \$200, Law faculty - \$700-1000.

- Azerbaijan Technical University, Machinery faculty - \$300, Administration of Automobile Transport faculty - \$200-400.

- Azerbaijan State Economy Institute, Finance-Credit faculty - \$200-250, State Adjustment of Economy - \$400

- Sumgayit State University, History faculty - \$300, Philology faculty - \$150

Secondary schools

In 4 districts on Baku city (Nizami, Sebayil, Surakhani and Yasamal) and at 3 secondary schools in every district there were held monitoring.

Most bribe demanded schools are in Sebayil district

None of schools are evaluated with good marks according to results of monitoring

On graduation classes (11), bribe taken from every pupil in Sebayil district, an average price

Sebayil – for excellent mark – 500,000 manat, certificate - \$100

Nizami - for excellent mark – 400,000 manat, certificate - \$70-80

Yasamal - for excellent mark – 450-500,000 manat, certificate - \$80-100

Surakhani - for excellent mark – 300-350,000 manat, certificate - \$50-60

Note: since 2001, graduation exams in all of these districts are held on test system. Commission of teachers carries out marking of exams. Director of school confirms marks.

Monitoring was anonymously held among students and pupils. Audio records containing voice of teachers demanding money and words, told by them to groups members on demanded amounts, are kept as ground and are not presented to press.

## **LETTER**

### **TO COMMITTEE ON FIGHT AGAINST CORRUPTION**

Submission of corruption cases on “against Bekhtiyar Gasimov RMB -Teletrade Ltd.”

RMB is acting in arrangement of computer courses and was registered in Ministry of Justice, 24.08,2001.

Teletrade D. Y. International Consulting Ltd. – say it is registered in Hong Kong and presents itself under name of broker in world finance market. But by letters I received from Azerbaijan Republic’s Justice Ministry and Hong Kong state registration department, it is an illegal organization not registered in both these countries.

According to false documents presented to court later, Teletrade was to arrange education courses on financial markets by RMB and but in reality, for acting in currency markets of Baku, named companies open currency trade center in Baku city, B.Seferoglu, 199 and deal with attraction of customers’ money in that market by deceiving advertisement in mass media.

Contract was signed, 17.01.2002, between I, in person of investor, and Teletrade, through Turab Musayev, former representative of Teletrade in Baku and at the same time founder of RMB. After a short time my investments are lost and both companies mentioned above break contract’s terms and run away from responsibility.

According to inquiries I conducted, it was discovered that there was no legal basis of currency trade center organized by Teletrade-RMB and made a proceeding against this.

Law considers that citizen is entitled to apply to law enforcement bodies while event happened and these bodies have solve the problem by legislation. But all

bodies I applied, including Appeal Court, Taxes Ministry, Baku city's Prosecutor's Office, were not impartial to me.

Elshad Bayramov, chair of Khojali district court, instead of providing proceeding made by me on test of documents presented by opposite sides, made a decision defending illegal owners dealing with forgery.

I have applied for many times to Baku city's Prosecutor A.Mirsalamli, Minister of Taxes F.Mammadov, head of Main audit department of the same ministry M.Bayramov and I.Hasanov, chair of collegium on crime cases at Appeal court. But no use.

I'd like to quote from Code adopted by America states on corruption: "Corruption notion includes "thank" except bribe received in form of money and awards in forms of non-finance. In additional, in case of being useful for one giving bribe or one providing mutual service, even if officer does not act it must be considered like corruption."

Decision of 03.02.2004 of Baku city's Prosecutor's Office is differed with illegalities. M.Humbatov, inspector of Prosecutor's office on important issues, uses false documents, takes testimonies from witness by force and insists that I use force. Such cases are not considered crime because they happen in non-punishment situation. But any observer finds it corruption.

I complained to Sebayil district court from that decision. But judge F.Agasiyeva showed indifference to these facts and I was not let to see facts of case. At the end of 1 hour hearing, according to demands of inspector Humbatov and Z.Maharramov, prosecutor of Inspection Department of Baku city's Prosecutor's Office, my complaint was denied.

I was more hopeful about Appeal Court. Because Ilham Hasanov, chair of collegium of that court on crime cases, created "fair judge image" about yourself. I told all facts to him and he convinced me that everything will be according to law. But it was not as he told. At hearing:

- It was proven that documents presented by opposite side were false,
- It was found out that prosecutor's decision was based upon not documents but inspector's lies and imaginations,
- It was discovered that defendants were trying to hide from responsibility,
- Document received from Hong Kong and showing that Teletrade is not registered in state organ, was submitted to court.

Facts were many and strong. But while reading decision of court collegium headed by I.Hasanov I was once more sure that our courts are not interested in something: "No violation of demands of AR CPC and other laws are found out and legal basics for providing appeal complaint were not found."

Surely some people may think that creation of decisions accompanied with illegalities is connected to weakness of human nature. But repetition of "occasional" mistake while the same case is heard at next instance, is excluded.

Sincerely,  
Bekhtiyar Osmanov,  
Citizen of Israel,

Temporarily resident at following address:  
Baku city, Merdakan settlement, garden # 30  
Passport N 620 1320  
Tel.: 54 77 71, 363 25 63

## **PRESS-FACT SELECTIONS FROM PRESS**

“So far EU allotted 400 million Euro to Azerbaijan. More 30 million is considered for close future. Development of cooperation does not mean that Azerbaijan will automatically be entered EU. For it poverty must be eliminated and corruption must be struggled.”

(Yanosh Potochnik, EU commissar, July 7, 2004, TURAN IA).

“Lenkaran executive head Z.Nagdaliyev wants \$5,000 from those wanting to be municipality chair in municipality elections, \$3,000 for deputy position, private members \$500. (“Baku kheber” newspaper, July 8, 2004).”

“In a district placed 150km away from capital, \$500 is demanded for getting 2<sup>nd</sup> group invalidity, and this number gets down to \$300 in district placed 350-400km away.” (“Azadliq” newspaper, July 9, 2004)

“Goranboy district resident Elmira Hasanova told that her son gave his documents for entrance in Physical Training and Sport Academy. But he could not pass from capacity exam: “In these exams people were demanded \$1,100. I was not wanted but I heard that 15 persons paid and they passed.” (“Yeni Musavat”, July 19, 2004).

“84,25% of respondents answered “no” to question “Is there a field in Azerbaijan where corruption does not exist?”. 83% answered the same to “Is there an officer who does take bribe?”. 83% does not believe that this power will prevent corruption and bribery. 45,25% found Ilham Aliyev richest man of country, 93% Kemaleddin Heydarov and 27,75% Jelal Aliyev.” (from questionnaire held among 400 persons working in budget organization in May of this year, by Analysis Center for Public Thought).

“Eflatun Amashov told that Hurniyye Azizova, editor-in-chief of “Bizim Respublika” newspaper, took bribe for 2 times, using name of Press Council. In Ganja, she took \$200 from parents of a child and promised to arrange it in journalistic faculty. And she told them that that money was for Press Council. In Mingechevir she took 450,000 manat from taleteller and gave a check.” (“Yeni Musavat” newspaper, July 11, 2004).

“In 90ties Armitaj was in close contact with the Aliyevs. For having successful business in Azerbaijan it needs to be in good terms with power. That is why transnational companies were giving many dollars to advisors having good contacts.” (“Mother Yones” journal published in US, July, 2004).

“In Yardimli district, territorial executive representatives take for letter on family members per a child 10,000 manat, 50,000 manat for birth certificate, 30,000 for death document, 70,000 for marriage, 200-300 thousand manata for 3 month hide from military service. Price of military card is \$1000.” (“Azadliq” newspaper, July 22, 2004).

“Ali Mesimov thinks that not only in Azerbaijan in all the world new strategies need to be worked out for fight with corruption. Globalization of corruption in all the world occurs new details.” (“Yeni Musavat”, June 17, 2004).

“In these days amendments were made to budget of 2004. According to economist expert Gubad Ibadoglu, shown amounts are mostly allotted for fields differed with corruption source and bribery resources. For instance, Ministry of Defense is one of most corrupted field and some part of funds is allocated for it. Other parts are construction of airport in Ganja, subsidies, and adjustment funds allotted from centralized budget. All this is a ground to say that there are corruption and bribe interests even if in allocations.” (“Yeni Musavat”, July, 2004).