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STATE AUDIT OFFICE

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STATE AUDIT OFFICE
- Press release -

Inadequate control over concessionaires results in irrational use of raw mineral resources and smaller amount of budget revenue

Measures and activities taken by the competent institutions are not sufficient to ensure effective management of raw mineral resources, in terms of their optimal utilization and efficient collection of concession fees in line with sustainable development principles

The State Audit Office conducted performance audit on the topic "Effectiveness of measures and activities for utilization of raw mineral resources and collection of fees" to answer the question whether measures and activities provide effectiveness for utilization of raw mineral resources and collection of fees in line with the principles of sustainable development.

Lack of long-term strategic planning, frequent amendments to laws and lack of bylaws, insufficient institutional cooperation and incomplete cadastre of deposits of raw mineral resources do not provide solid basis for effective policy management of raw mineral resources in RNM.

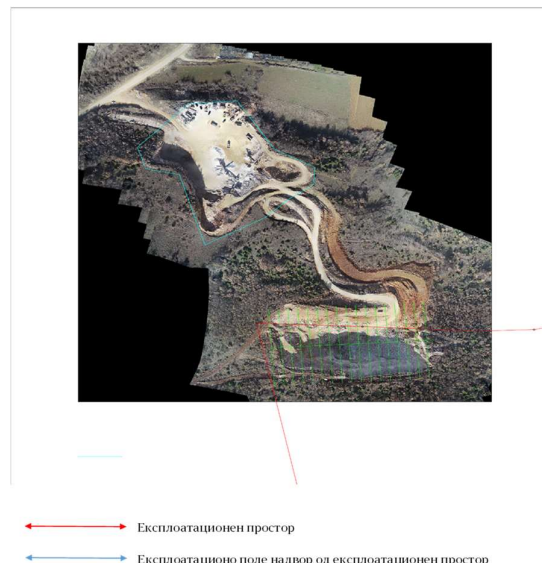
Unspecified deadlines and untimely signing of contracts prolong duration of procedures for awarding concessions for raw mineral resources, which in turn has negative implications on the economic interest of the entities, while insufficiently defined obligations of concessionaires do not provide legal protection in case of non-compliance.

Concessionaires are not obliged to submit calculations for sold quantities of raw mineral materials; the issues concerning compensations for exploited quantities used for own needs as well as using more than one raw mineral material in the same concession area are not regulated.

This systematic setup for collection and recording of concession fees does not provide for checking calculations, which is a shortcoming in performing supervision and control over the completeness and reliability of revenue from concession fees.



Due to the above, in the period 2016 – 2020 there is 33 million denars less collected concession fees, of which: 14 million denars on the basis of area used and 19 million denars on the basis of exploited raw mineral materials.



For the same period, 695 million denars (of which 83 million denars for area used and 612 million denars for exploitation of raw mineral materials) were collected untimely without calculating legal default interest.

Out of four concessionaires that were subject to inspection, three were excavating raw mineral resources outside the exploitation area license they own, on a total area of 25,546 m².

Some concessionaires of metallic raw mineral materials do not present and pay fee for the amount of silver metal in both lead and zinc concentrate. In one concessionaire, there is a small flotation utilization of zinc metal and a large percentage of leakage in the tailings.

The authorized state auditor considers it necessary to point out that after the inspection and indications made to the concessionaires, additional 10 million denars were paid.

Performing inspections without defined criteria for selection of entities, incomplete implementation of planned regular inspections, partially performed inspections of issued decisions for elimination of irregularities, absence of independent accredited laboratory, and lack of financial resources and equipment do not provide an effective control mechanism.

For overcoming ascertained state of affairs, the authorized state auditor made recommendations for improvement of the legal and institutional setup of raw mineral resources management system, the functionality and effectiveness of procedures for granting / revoking concessions for mineral resources, the collection of concession fees and the mechanism for supervision and control over the operation of concessionaires, aimed at optimal utilization of raw mineral materials in line with sustainable development principles.

Link to the Audit Report: Effectiveness of measures and activities for utilization of raw mineral resources and collection of fees

Press contact:

Albiona Mustafa Muhadziri +389 72228 203

albiona.mustafa@dzt.gov.mk

Mijalce Durgutov +389 70 358 486

mijalce.durgutov@dzt.gov.mk

Martin Duvnjak +389 75 268 517

martin.duvnjak@dzt.gov.mk