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Integrity and Anticorruption in Business Sector



Law or Politics: Selection of Management and Supervisory Board Members at State-Owned Enterprises

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Key Findings

- » The procedure for selection of management and supervisory board members at state-owned enterprises is neither regulated by laws and bylaws nor by internal procedures at their founding entities.
- » The government and the local self-government units do not have an official document that regulates the process for selection of members to governing bodies at public enterprises established by them. In the capacity of founding entities, they do not announce open calls for selection of members to governing bodies at state-owned enterprises, do not verify qualifications of potential candidates, and do not conduct interviews with potential members.
- » The comprehensive research conducted at founding entities and enterprises established by them was unable to determine which criteria and what procedures are in place for the government and the municipal councils to appoint individuals as members of management and supervisory boards. Given the overall opaqueness of this process, justified concerns are raised that lists for appointment of management and supervisory board members at state-owned enterprises are compiled outside institutions, i.e. within political party camps.
- » Absence of straightforward and transparent procedure for selection of members to governing bodies at state-owned institutions opens great space for voluntariness, political influences and appointment of inadequate persons to management positions at enterprises whose annual revenue amounts to more than 800 million EUR. Instead of experts in relevant areas of operation pursued by public enterprises, members appointed to management boards at the biggest state-owned enterprises nonetheless include people such as: petrol station managers, school secretaries, English language teachers, political analysts, pedagogues, psychologists, jewellery shop owners, insurance brokers, etc.
- » Analysis of documents obtained for this research shows that all decisions and edicts on appointment of management and supervisory board members include only their names, without supporting documents that confirm their qualifications for relevant positions in these boards. Moreover, in the case of some state-owned enterprises, neither the founding entities nor the enterprises themselves dispose with work biographies for members of their respective management and supervisory boards.
- » There is great variety in terms of the number of management board members in the range from law-stipulated minimum of five (5) to law-stipulated maximum of fifteen (15) members. In the case of supervisory boards, public enterprises comply with their law-stipulated obligation for these boards to be comprised of five members, while some joint stock companies have supervisory boards comprised of seven (7) members.
- » The amount of remuneration awarded to board members ranges from 800 MKD per session held, as observed with PUE Komunalec Prilep, up to 27,000 MKD per month, as awarded to the supervisory board chair at PBE Macedonian Radio-Television. On annual level, the highest amount of total costs for board members is observed with the Skopje-based utility enterprise PE Water Supply and Sewage, in the amount of 2.2 million MKD, i.e. around 36 thousand EUR.

Recommendations

- » Secondary legislation needs to be adopted with precise stipulation of the process for selection of members to governing bodies at state-owned enterprises. In that, such bylaw should apply to all enterprises founded by the state, i.e. should cover both public enterprises and joint stock companies in state ownership. Moreover, it should stipulate an obligation for founding entities of these enterprises to announce open calls for membership in management and supervisory boards, to perform administrative verification of applications received, to organize interviews with potential candidates, and to form adequate committee for evaluation of potential candidates and for selection of the best candidates. Such legislative solution would address the current situation whereby it is more difficult for a person to find employment as civil servant with junior associate title then to become member of governing bodies at state-owned enterprises and thereby to be entrusted with managing tens and hundreds of million euros.
- » Necessary qualifications should be precisely defined for members of management and supervisory boards in the case of two-tiered management systems and for members of boards of directors in the case of one-tiered management systems. As regards management boards, precise definition is needed for terms such as “prominent” and “known” expert in the area of operation pursued by concerned public enterprises. Expertise, in terms of education degree and in terms of work experience, should be proven against specific and measurable criteria. According to the legal solution in effect, it is unclear how a person with 3-year experience in any area of operation could be considered prominent and known expert and how are such prominence and expertise proven. As regards supervisory boards, qualifications and work experience of supervisory board members need to be directly correlated to their obligation to control material and financial operations at public enterprises. It is more than evident that this type of oversight requires serious knowledge and experience because, otherwise, their control function would become a mere formality.
- » Law on Public Enterprises and Company Law should be amended with a view to stipulate that respective procedures for appointment of members to governing bodies at state-owned enterprises and their qualifications will be regulated in detail by means of secondary legislation.

Research Goal and Methodology

The purpose of this research is to provide an overview and to analyse current practices related to selection of members to management boards and to supervisory boards for control over material and financial operations at state-owned enterprises, as well as to indicate potential weaknesses that should be addressed in the future. The need for this analysis arises from great competences assigned to management and supervisory boards, on one side, and absence of law-stipulated procedure for selection of members thereto, on the other side. In particular, open calls are announced only for appointment of directors at state-owned enterprises, while selection of management and supervisory board members is not pursued by means of open calls and there are no publicly known rules and procedures.

Subject of analysis in this document are governing structures at the 30 biggest state-owned enterprises, while information needed for that purpose were requested from their founding entities and from concerned enterprises. The research relied on the instrument for free access to public information. In December 2018, founding entities of the 30 biggest enterprises were addressed with information requests. More precisely, founding entities of these enterprises (the government, the parliament and 11 local self-government units) were requested to disclose decisions on selection of management and supervisory board members, as well as relevant procedures for appointment of these members. On the other hand, state-owned enterprises were requested to disclose work biographies for management and supervisory board members, amount of remuneration they are awarded, as well as agendas and minutes from sessions held by these governing bodies.

This research is conducted as part of the project **Enhance Integrity and Reduce Corruption in State and Private Business Sector**, supported by the European Union. The project anticipates use of monitoring and research tools to identify generators of corruption, areas vulnerable to and activities prone to corruptive practices at state-owned enterprises. The importance of these activities arises from the fact that, in addition to line ministries, state-owned enterprises are the biggest source of political and economic power for governing parties. The most obvious aspect of such power is seen in the fact that enterprises fully owned by the state generate annual revenue in the amount of 700 to 800 million EUR, which is equal to budgets of all municipalities in the country whose public spending is under much greater public scrutiny compared to state-owned enterprises.

The research studies are focused on assessment of transparency and accountability of state-owned enterprises (ranked against a set of indicators in compliance with law-stipulated obligations and OECD Guidelines); politicization of governing structures at state-owned enterprises (analysis of selection and appointment of management and supervisory board members, as well as their competences from the aspect of relations with political parties in power); poor oversight and performance track record compared to their economic powers (revenue, expenditure, number of employees, financial results, unsettled liabilities, collection of receivables, etc.)

Detailed Report

State-owned enterprises have legal status of public enterprises or joint stock companies. All public enterprises, irrespective of the fact whether they are founded by the government, the City of Skopje or the municipalities, have the same governing structure as follows: management board, supervisory board for control over material and financial operations, and director.¹ On the other hand, joint stock companies are established in compliance with the Company Law and could have one-tiered or two-tiered management system.

One-tiered management systems include the board of directors, while two-tiered management systems are comprised of management board and supervisory board. Only a small number of state-owned enterprises have one-tiered management systems. Subject of this analysis are the 30 biggest state-owned enterprises; this group includes several enterprises with one-tiered management system, those being: JSC Water Economy, JSC Construction and Management of Residential and Commercial Property of Significance for the Republic (ADSDP) and JSC City Trade Centre. The list of joint stock companies in state ownership with two-tiered management system includes: JSC Power Plants of North Macedonia, JSC MEPSO, JSC Macedonian Post, MR Transport, and JSC State Lottery. Subject of this analysis is also the Public Broadcasting Enterprise Macedonian Radio-Television, which is founded by the Parliament and where appointment of governing structures (programme council and supervisory board) is made pursuant to the Law on Audio and Audiovisual Media Services.

Importance of the process for selection and appointment of members to these governing bodies arises from great competences entrusted to management and supervisory boards. According to the Law on Public Enterprises, management boards are responsible to adopt operation programs; to make investment decisions; to set prices of goods and services; to decide on matters related to internal organization; to set salary brackets for employees; to adopt reports on financial operations, annual balance statements and annual operation reports; to take decisions on use of generated profits and on servicing losses; to appoint and to dismiss directors at state-owned enterprises. Supervisory boards for control over material and financial operations are mandated to consider quarterly reports that include indicators on financial performance, annual balance statements and annual operation reports of public enterprises and to present management boards with their opinions. On the other hand, management boards cannot approve quarterly reports with indicators on financial performance unless they obtain positive opinion from their supervisory boards. Supervisory boards may also approve acts adopted by respective management boards provided that is stipulated in the public enterprise's statute.

According to the Company Law, management boards have the broadest authorizations related to company management, with the exception of authorizations explicitly granted to shareholders assemblies and supervisory boards. On the other hand, supervisory boards appoint members to respective management boards, perform insights and verify company books and records, as well as company assets, especially cash flows, securities and goods.

¹ Pursuant to the Law on Audio and Audiovisual Media Services, instead of management board the Public Broadcasting Enterprise *Macedonian Radio-Television Skopje* has programme council.

The Law on Public Enterprises and the Company Law regulate the number of members in governing boards, their qualifications and competences entrusted to these members, but do not stipulate the procedure for selection of members to management and supervisory boards. Directors of state-owned enterprises are appointed by means of open calls, but open calls are not anticipated for members of management and supervisory boards, which raises concerns about the manner in which they are selected and appointed. Exception from this rule is observed with the selection of members to the Macedonian Radio-Television (MRT)'s programme council, in compliance with the Law on Audio and Audiovisual Media Services. In this case, the national parliament announces a public call for authorized entities to nominate their candidates for the MRT's programme council, followed by the selection of its members from the nominations received. According to this law, MRT's supervisory board is appointed by its programme council by means of an open call.

In an attempt to clarify the process for appointment of management and supervisory board members, in December 2018, founding entities of the 30 biggest enterprises and enterprises themselves were addressed with requests under the instrument for free access to public information. More specifically, founding entities of targeted enterprises (the government, the parliament, the City of Skopje and ten municipalities) were requested to disclose decisions on the selection of management and supervisory board members, as well as information on their respective procedures for appointment of management and supervisory board members. On the other hand, state-owned enterprises were requested to disclose relevant work biographies for members of their management and supervisory boards, the amount of remuneration they are awarded, as well as agendas and minutes from sessions held by these governing bodies.

In the capacity of founding entity, the government was requested information for 14 enterprises (8 joint stock companies and 6 public enterprises), the parliament for 1 enterprise, the City of Skopje for 5 public utility enterprises, Municipality of Bitola for 2 public utility enterprises, municipalities Strumica, Shtip, Kumanovo, Tetovo, Veles, Prilep and Kochani for one public utility enterprise each, and municipalities Struga and Ohrid for their shared, i.e. inter-municipal public enterprise. More specifically, the government was requested relevant information for 14 enterprises, those being: JSC Power Plants of North Macedonia, JSC Macedonian Post, Macedonian Railways Transport JSC, JSC MEPSO Skopje, JSC State Lottery, JSC Water Economy of the Republic of Macedonia in state ownership, JSC City Trade Centre Skopje, JSC Construction and Management of Residential and Commercial Property of Significance for the Republic, PE Macedonian Forests, PE State Roads, PE Macedonia Road, PE Railway Infrastructure Macedonian Railways, PE Macedonian Broadcasting and PE Strezevo Bitola. The parliament was requested information for PBE Macedonian Radio-Television. The City of Skopje was requested information about five public utility enterprises, as follows: PE Water Supply and Sewage Skopje, Public Transport Enterprise Skopje, PE Communal Hygiene Skopje, PE Parks and Greenery Skopje, and PE Streets and Roads Skopje. The Municipality of Bitola was requested information for PUE Water Supply Bitola and PE Komunalec Bitola, the Municipality of Veles for PUE Derven Veles, the Municipality of Kumanovo for PE Water Supply Kumanovo, the Municipality of Kochani for UPE Water Supply Kochani, the Municipality of Strumica for PEU Komunalec Strumica, the Municipality of Tetovo was requested information for PUE Tetovo, the Municipality of Shtip for PE Isar Shtip, and municipalities Struga and Ohrid were requested information for their inter-municipal public enterprise IMPE Proaqua.

The process for data collection lasted longer than anticipated and included appeals lodged before the competent Commission for Protection of the Right to Free Access to Public Information. Some founding entities of public enterprises, and even some enterprises, did not disclose the information requested. Appendix 1 to this analysis provides an overview of grounds enlisted for 20 appeals lodged by the project team. It should be noted that in all appeal cases the competent commission was unable to take decisions due to inadequate number of members².

Analysis of data collected shows a series of anomalies in the process for selection of members to management and supervisory boards in terms of adequacy of selected members, as well as major differences in the number of members appointed to these bodies and remuneration awarded to them.

The government and the local self-government units do not have procedures in place for selection and appointment of members to management boards and to supervisory boards for control over material and financial operations at state-owned enterprises. The government, the City of Skopje and municipalities Bitola, Veles, Kumanovo, Prilep, Kochani, Strumica, Tetovo, Shtip, Struga and Ohrid were unable to provide any document that regulates the process for selection of members to governing bodies, as requested by the project team in compliance with the Law on Free Access to Public Information.

This procedure is not regulated even by the government, although it appears as founding entity for the highest number of state-owned enterprises, i.e. it has founded 14 from the 30 biggest enterprises that are subject of analysis. In total, the government is founding entity of 26 from the total of 142 state-owned enterprises in the country.

According to the information disclosed in response to the project team's request, the government refers to Articles 17 and 26 of the Law on Public Enterprises when appointing members to management and supervisory boards at public enterprises, but it did not provide any explanation about appointments made to joint stock companies. In particular, above-quoted articles stipulate that: *The management boards of public enterprises shall be comprised of five (5) members at least and fifteen (15) members at most. The founding entities of public enterprises shall appoint or dismiss members of management boards from the ranks of prominent and known experts in the area of operation pursued by concerned public enterprises, with due consideration of adequate and equitable representation of members from all communities. Persons appointed as management board chair and management board members shall fulfil the following criteria: to be citizens of the Republic of Macedonia; to have acquired at least 240 credits according to ECTS or completed VII/1 education level; at the time of their appointment, not to be subject of enforceable court rulings issuing fine or misdemeanour sanction prohibiting them to perform certain profession, activity or office; and to have at least three years of work experience. Duration of the term of office for members of management boards shall not be longer than four years (Art. 17). For the purpose of control over material and financial operations, public enterprises shall establish supervisory boards for control over material and financial operations (hereinafter: supervisory boards) comprised of five members. Duration of the term of office for members of supervisory boards shall not be longer than four years. Members of supervisory boards referred to in*

² After the Commission President's resignation was adopted on 2nd May 2018, this collective body – which takes decisions by means of majority votes from the total number of commission members – was unable to adopt valid and enforceable decisions because it was comprised of only two from the total of five members stipulated by the law.

paragraph 1 of this article shall be appointed or dismissed by the relevant founding entity. Persons appointed as members of supervisory boards shall fulfil the following criteria: to be citizens of the Republic of Macedonia; to have acquired at least 240 credits according to ECTS or completed VII/1 education level; at the time of their appointment, not to be subject of enforceable court ruling issuing fine or misdemeanour sanction prohibiting them to perform certain profession, activity or office, and to have at least three years of work experience (Art. 26).

According to provisions elaborated above, articles from the Law on Public Enterprises on whose basis the government takes decisions and edicts on selection of members to management and supervisory boards at public enterprises do not define the manner in which it has arrived to potential candidates, i.e. whether an open call is announced for interested individuals to apply for these positions or potential candidates are nominated by certain authorized entities. The same legal gap is evident also in the case of joint stock companies founded by the government. Namely, the Company Law stipulates that: *Members of the boards of directors and members of supervisory boards shall be selected at the shareholders assembly, by means of majority vote from shares with voting rights comprising the quorum stipulated by this law for the shareholders assembly to be in session, unless the company's statute has otherwise established a stricter majority vote, in a manner and according to terms and conditions defined in the company's statute* (Art. 344). Nevertheless, the Company Law also stipulates that members of the shareholders assembly should be presented with data on potential candidates for board members, their relevant education and previous work experience at least 7 days before the assembly is convened. Generally speaking, according to the Company Law members of management boards are appointed by supervisory boards of relevant companies. At the same time, having in mind that members of management boards at joint stock companies founded by the government come from the ranks of directors at companies in question, key question is raised about the manner in which supervisory board members are selected. Based on the government's response, it becomes evident that it does not have any procedure in place for selection of members to supervisory boards at joint stock companies. According to documents disclosed by joint stock companies, it becomes evident that, at the government's request, public notary is present at the shareholders assembly meeting that takes place at the government's headquarters and as part of government sessions, as they represent the shareholders assembly having in mind the government's status as single shareholder. Based on minutes from these sessions taken by public notary in attendance, it could be concluded that decisions are taken for selection of specific, previously identified persons and single available information about them includes their place of residence (address). These government sessions do not feature any discussion and there are no multiple candidates for single position as member of particular supervisory board.

Having in mind that relevant legislation (Law on Public Enterprises and Company Law) does not define the process for selection of management and supervisory board members, and given that there are no procedures developed by institutions, it remains unclear how and who compiles lists with proposed members for these governing bodies presented to the government and to the local self-government units for approval and adoption. Given the overall opaqueness of this process, justified concerns are raised that lists are compiled outside institutions, i.e. within political party camps.

The manner in which named individuals have acquired the status of management or supervisory board members cannot be traced from decisions on their appointment, which were

requested under the instrument for free access to public information. In that, the government appears as founding entity for vast majority of analysed state-owned enterprises, but it did not disclose requested decisions/edicts on appointment of members to governing bodies at concerned enterprises. In its response, the Government's General Secretariat stated that appointment edicts are adopted at government sessions and are published in the Official Gazette. At the same time, the government forwarded the information request inquiring about appointment of management and supervisory board members to all 14 enterprises in question.

Given that decisions on appointment of management and supervisory board members are taken by the government and are signed by the prime minister or deputy prime minister, in the capacity of relevant holder of information requested, the Government's General Secretariat did not act in compliance with the Law on Free Access to Public Information. The government did not disclose documents requested even after it was presented with indications that it acts contrary to the law, which was followed by appeal lodged before the competent Commission for Protection of the Right to Free Access to Public Information.

Most state-owned enterprises founded by the government acted according to instructions received therefrom and did not disclose decisions on appointment of members to their governing structures. Nevertheless, even decisions on appointment of management and supervisory board members do not provide any insight about the manner in which relevant governing structures at state-owned enterprises are selected. They only enlist articles from relevant laws that provide the basis for appointment of management and supervisory board members. Appendix 2 to this analysis provides a detailed overview of law provisions referred to by founding entities when taking decisions for selection of management and supervisory board members.

All decisions and edicts on appointment of management and supervisory board members at state-owned enterprises list only their names and are not accompanied by supporting documents that would confirm their qualifications for their position in these boards.

The Law on Public Enterprises and the Company Law are rather vague in terms of qualifications required from members of these governing bodies, but even such low criteria require verification to determine whether proposed board members fulfil them. Based on documents obtained from enterprises and their relevant founding entities it remains unclear who verified whether members of management boards are appointed from the ranks of prominent and known experts in the area of operation pursued by the concerned public enterprises or whether supervisory board members hold higher education degrees, relevant knowledge and experience in the area of financial and accounting operations.

The fact that all decisions and edicts on appointment of members to management and supervisory boards include only their names and surnames prevents any kind of public insight into their qualifications. Even when these decisions are published in the Official Gazette (edicts of the government and the parliament) and in relevant municipal bulletins, they do not include any additional data with the exception of names and surnames of relevant appointees.

Absence of straightforward and transparent procedure for selection of members to governing bodies at state-owned enterprises opens great space for voluntariness, political influences and appointment of inadequate persons to management positions at enterprises whose annual revenue amounts to 800 million EUR.

As a result of the process's opaqueness, the list of management board members features many political party supporters, former Members of Parliament, former mayors, sector heads/directors at other state-owned enterprises, state administration employees, accountants from private companies, attorneys-at-law, petrol station manager, school secretaries, English language teacher, political analyst, dentist, pedagogies, jewellery shop owner, insurance brokers, etc. Hence, in the case of many management board members the public is unable to obtain insight into their previous or current performance in order to be enlisted in the ranks of prominent and known experts in the area of operation pursued by concerned public enterprises, as stipulated under Article 17 from the Law on Public Enterprises. It could be concluded that even the vague formulation *"from the ranks of prominent and known experts in the area of operation pursued by concerned public enterprise"* is unattainable for vast number of management board members.

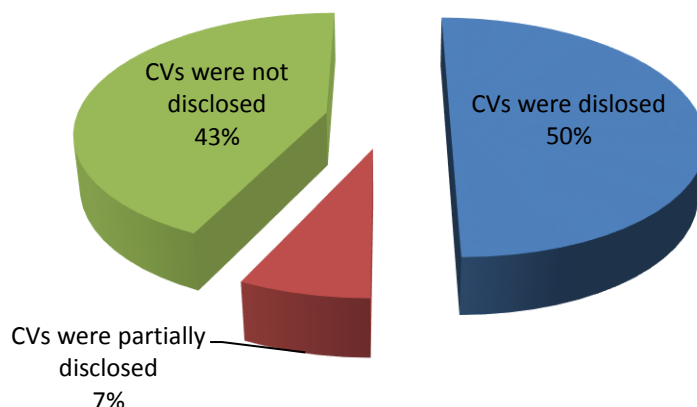
As regards supervisory boards for control over material and financial operations, the analysis of data obtained shows that only one third of supervisory board members hold degrees in economics and relevant knowledge and experience in the area of financial and accounting operations. Hence, the list of supervisory board members includes lawyers, attorneys-at-law, social workers, class teachers, medical doctors, electricians, etc.

Having in mind that there are no clear rules about which public administration employees are eligible to become members of management and supervisory boards, there are no regulations in place to prevent possible conflict of interests among them and double remunerations from the state budget, i.e. first for their regular job at certain institution or enterprise and second for their membership in governing bodies at state-owned enterprises.

Inadequacy of members selected to serve in management and supervisory boards could also be the reason behind findings in the research study "Transparency and Accountability of State-Owned Enterprises" whereby almost half of these enterprises have not published the names of members in their respective management and supervisory boards. Publication of work biographies for members of these governing bodies, which would allow the broader public insight into their qualifications, is regular practice observed with only 2 from the 30 biggest state-owned enterprises.

Neither state-owned enterprises nor the government, as their founding entity, dispose with work biographies for management and supervisory board members. This is the case with board members at PE Macedonia Road Skopje, PE Macedonian Radiobroadcasting Skopje and PE Strezevo Bitola. These enterprises were unable to disclose requested work biographies as they do not dispose with such information and forwarded the information request to the government as their founding entity, while the latter responded that "the information holder does not dispose with the information requested". These cases could be treated as confirmation of doubts that lists of management and supervisory board members are compiled within political party camps, without any procedure in place.

Responses obtained to information requests for work biographies (CVs) of management and supervisory board members



Worrying is also the attitude demonstrated by enterprises founded by the City of Skopje. Not a single from all five enterprises that are subject of analysis disclosed the requested work biographies. In that, PE Communal Hygiene Skopje and PE Streets and Roads did not provide any justification for such action on their part, while PE Parks and Greenery Skopje, PE Water Supply and Sewage Skopje and the Public Transport Enterprise Skopje responded that members have deposited declarations prohibiting disclosure of their work biographies to third parties. Such responses, of course, speak volumes about the attitude of employees at these enterprises towards the public, which in this case is reduced to “third party”.

The group of enterprises that failed to disclose work biographies of their respective management and supervisory board members also include JSC Construction and Management of Residential and Commercial Property of Significance for the Republic, JSC City Trade Centre, IMPE Proaqua Struga, PUE Tetovo and PE Isar Shtip.

On the other hand, state-owned enterprises that disclosed work biographies for some board members include PE Macedonian Forests and PE Komunalec Prilep.

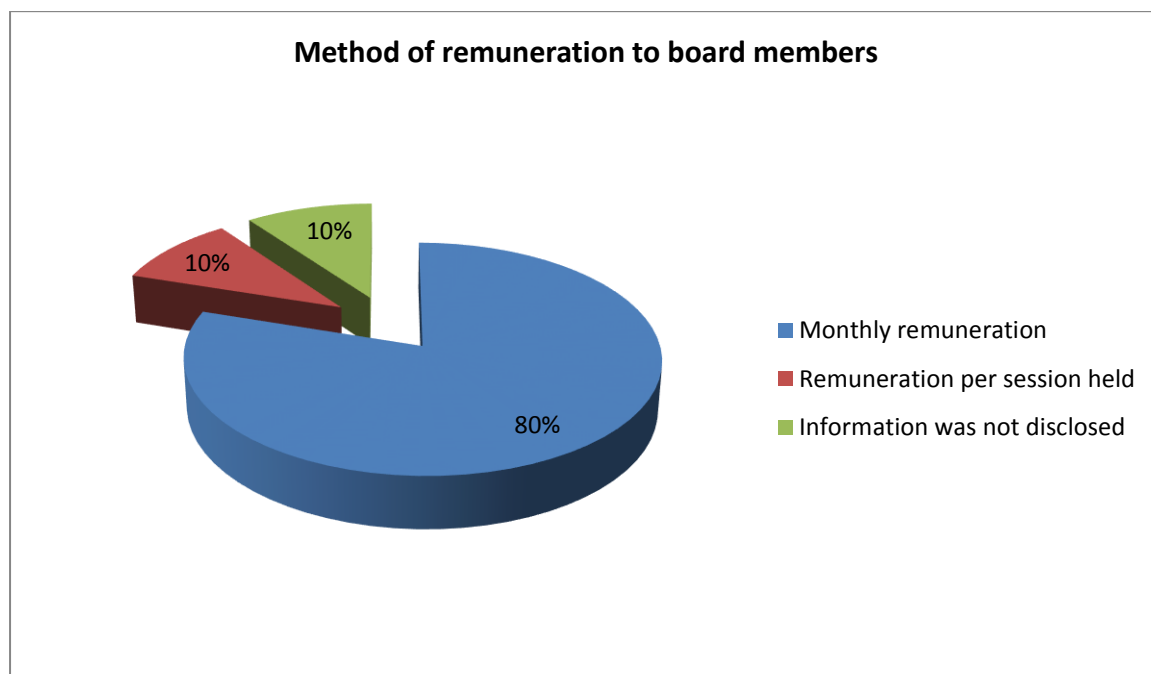
In order to contribute to better information dissemination to the public and as part of this research effort, excel spreadsheets with names of management and supervisory board members and basic data related to their date of birth, current job position, previous work experience, date of appointment and remuneration awarded, are uploaded on the web-platform opendata.mk. Relevant data were not collected for some members of management and supervisory boards in spite of the fact that collection of information lasted for almost six months. This experience is in line with the impression that, thus far, state-owned enterprises were allowed to practice low level of transparency and accountability for their operation. Hence, systemic and serious steps are being undertaken in the Republic of North Macedonia to correct these practices and situations.

There is great variety in terms of the number of management board members in the range from law-stipulated minimum of five (5) to law-stipulated maximum of fifteen (15) members. In the case of supervisory boards, public enterprises comply with their law-stipulated obligation for these boards to be comprised of five members, while some joint stock companies have supervisory boards comprised of seven (7) members.

The lowest number of management board members, i.e. five members, is observed with MR Infrastructure, PE Macedonia Road Skopje, JSC State Lottery of Macedonia, PEU Komunalec Strumica and PUE Derven Veles. On the other hand, the highest number of board members, i.e. 15, is observed with the Inter-Municipal Public Enterprise Proaqua where two municipalities that appear as founding entities are entitled to appoint members (Struga and Ohrid). The group of state-owned enterprises whose management boards include up to 12 or 13 members includes public utility enterprises founded by the City of Skopje.

Differences in the number of management board members cannot be directly correlated to the size of concerned enterprises. The biggest state-owned enterprise, JSC Power Plants, which disposes with 235 million EUR, has a management board comprised of seven (7) members, while the management board at PE Komunalec Bitola, which disposes with 2.8 million EUR, is comprised of nine (9) members.

Dominant share of state-owned enterprises (80%) apply the model of monthly remuneration to management and supervisory board members, and only 10% of them remunerate board members per session held. As shown in the diagram below, 10% of analysed enterprises did not disclose information requested and they include PE Streets and Roads Skopje, PUE Tetovo and JSC City Trade Centre.



The amount of remuneration awarded to members of management boards at state-owned enterprises ranges from 800 MKD per session, as observed with PUE Komunalec Prilep, to 24,000 MKD per month, as paid to the chair of the board of director at JSC Construction and Management of Residential and Commercial Property of Significance

for the Republic (ADSDP). By November 2018, the monthly remuneration paid to the chair of the board of directors at ADSDP amounted to 12,000 MKD, while non-executive members were entitled to remuneration in the amount of 10,000 MKD. By means of the government's decision from 6.11.2018, monthly remuneration paid to the chair of the board of directors at this joint stock company is set in the amount of 24,000 MKD, while non-executive members are entitled to remuneration in the amount of 20,000 MKD each. At the level of enterprises founded by the government, with the exception of monthly remunerations paid by ADSDP, all other enterprises are marked by relatively levelled amounts of remuneration. Major differences are observed in terms of remuneration paid to management board members at public enterprises founded by local self-government units. In that, the highest remunerations are paid to members of management boards at public utility enterprises founded by the City of Skopje compared to those founded by other municipalities across the country.

Monthly remuneration paid to management board members
(in MKD)

Enterprise	Chair of management board	Deputy chair of management board	Member of management board
ADSDP (board of directors)	24,000	20,000	20,000
PE State Roads	14,000	13,000	12,000
PE Macedonian Broadcasting Skopje	12,000	11,000	10,000
PE Strezevo Bitola	12,000	10,000	10,000
PE Macedonia Road Skopje	12,000	11,000	10,000
PE Macedonian Forests Skopje	12,000	10,000	10,000
PE MR Infrastructure	12,000	11,000	10,000
JSC State Lottery of Macedonia	12,000	10,000	10,000
JSC Water Economy (board of directors)	12,000	10,000	10,000
PE Water Supply and Sewage Skopje	12,000	11,000	10,000
PE Parks and Greenery Skopje	10,000	8,000	8,000
PE Communal Hygiene Skopje	10,000	8,000	8,000
PTE Skopje	10,000	8,000	8,000
PUE Derven Veles	9,000	8,000	8,000
IMPE Proaqua Struga	7,800	6,000	6,000
PE Isar Shtip	7,000	5,000	5,000
PE Komunalec Bitola	5,500	4,500	4,500
PE Water Supply Bitola	5,000	4,500	4,500
PE Water Supply Kumanovo	4,500	4,500	4,500
PEU Komunalec Strumica	3,000	3,000	3,000

PBE MRT (programme council) ³	11,000 per session	10,000 per session	8,000 per session
UPE Water Supply Kochani ⁴	3,000 per session	3,000 per session	3,000 per session
PUE Komunalec Prilep	800 per session	800 per session	800 per session
JSC MEPSO	business secret	business secret	business secret
JSC Power Plants ⁵	no remuneration	no remuneration	no remuneration
JSC Macedonian Post ⁶	no remuneration	no remuneration	no remuneration
JSC MR Transport Skopje ⁷	no remuneration	no remuneration	no remuneration
PE Streets and Roads Skopje	information was not disclosed	information was not disclosed	information was not disclosed
PUE Tetovo	information was not disclosed	information was not disclosed	information was not disclosed
JSC City Trade Centre	information was not disclosed	information was not disclosed	information was not disclosed

As regards supervisory boards, the lowest remuneration amounts to 800 MKD per session held, as observed with PUE Komunalec Prilep, while the highest remuneration is paid by the Macedonian Radio-Television, in the amount of 27,000 MKD per month to the supervisory board chair, 26,000 MKD per month to the deputy chair and 24,000 MKD per month to other members.

Dominant share of enterprises pay identical amount of remuneration to members of their management and supervisory boards. Differences are observed only in the case of MRT where supervisory board members are entitled to higher remuneration, while PUE Derven Veles, PE Water Supply Kumanovo, IMPE Proaqua Struga and PE Isar Shtip disburse lower remuneration to members of their supervisory boards compared to members of their management boards.

Monthly remuneration paid to supervisory board members
(in MKD)

Enterprise	Chair of Supervisory Board	Deputy Chair of Supervisory Board	Member of Supervisory Board
PBE MRT	27,000	26,000	24,000
PE State Roads	14,000	12,000	12,000
PE Macedonian Radiobroadcasting Skopje	12,000	11,000	10,000

³ Members of MRT's programme council, as its governing body, are awarded remuneration per session, i.e. per completion of all agenda items for one session, in the amount of one third from the average salary paid in the Republic of North Macedonia. In the case of programme council's chair and deputy chair, this remuneration is increased by 3,000, i.e. 2,000 MKD respectively, based on the decision from 1.9.2015. Members of MRT's programme council with residence outside Skopje are reimbursed travelling costs to attend its sessions.

⁴ Remuneration is paid for maximum one session per month.

⁵ MB is comprised of directors at this enterprise.

⁶ MB is comprised of directors at this enterprise.

⁷ MB is comprised of directors at this enterprise.

PE Strezevo Bitola	12,000	10,000	10,000
PE Macedonia Road Skopje	12,000	11,000	10,000
PE Macedonian Forests Skopje	12,000	10,000	10,000
PE MR Infrastructure	12,000	11,000	10,000
JSC MEPSO	12,000	10,000	10,000
JSC Power Plants	12,000	10,000	10,000
JSC Macedonian Post	12,000	10,000	10,000
JSC State Lottery of Macedonia	12,000	10,000	10,000
JSC MR Transport	12,000	10,000	10,000
PE Parks and Greenery Skopje	10,000	8,000	8,000
PE Communal Hygiene Skopje	10,000	8,000	8,000
PE Water Supply and Sewage Skopje	12,000	10,000	10,000
PTE Skopje	10,000	8,000	8,000
IMPE Proaqua Struga	4,000	4,000	4,000
PE Isar Shtip	5,000	3,500	3,500
PE Komunalec Bitola	5,500	4,500	4,500
PE Water Supply Bitola	5,000	4,500	4,500
PE Water Supply Kumanovo	2,500	2,500	2,500
PEU Komunalec Strumica	3,000	3,000	3,000
PUE Derven Veles	1,800 per session	1,800 per session	1,800 per session
UPE Water Supply Kochani ⁸	3,000 per session	3,000 per session	3,000 per session
PUE Komunalec Prilep	800 per session	800 per session	800 per session
PE Streets and Roads Skopje	information was not disclosed	information was not disclosed	information was not disclosed
PUE Tetovo	information was not disclosed	information was not disclosed	information was not disclosed

At monthly and annual level, the highest costs incurred for board members are observed with Skopje-based PE Water Supply and Sewage, in the amount of 2,220,000 MKD annually, i.e. around 36,000 EUR. The group of public enterprises with annual expenditure for this purpose exceeding 30,000 EUR includes the Macedonian Radio-Television, PE Macedonian Forests and PE Macedonian Radiobroadcasting.

Total costs for remuneration of board members
(in MKD)

Enterprise	Monthly costs	Annual costs
PE Water Supply and Sewage Skopje	185,000	2,220,000
PBE MRT ⁹	184,250	2,211,000
PE Macedonian Forests Skopje	184,000	2,208,000
PE Macedonian	166,000	1,992,000

⁸ Remuneration is paid for maximum one session per month.

⁹ Calculations are based on the assumption that the programme council has held 27 sessions.

Radiobroadcasting Skopje		
PE Parks and Greenery Skopje	148,000	1,776,000
PTE Skopje	146,000	1,752,000
PE Strezevo Bitola	144,000	1,728,000
PE Communal Hygiene Skopje	140,000	1,680,000
PE State Roads	136,000	1,632,000
PE Macedonia Road Skopje	106,000	1,272,000
IMPE Proaqua Struga	105,800	1,269,600
JSC State Lottery of Macedonia	104,000	1,248,000
ADSDP ¹⁰	104,000	1,248,000
PE MR Infrastructure	96,000	1,152,000
JSC MEPSO ¹¹	72,000	864,000
MR Transport JSC Skopje	72,000	864,000
PE Isar Shtip	66,000	792,000
PE Komunalec Bitola	65,000	780,000
PE Water Supply Bitola	64,000	768,000
UPE Water Supply Kochani	per session	672,000
PE Water Supply Kumanovo	53,000	636,000
JSC Power Plants	52,000	624,000
JSC Macedonian Post	52,000	624,000
JSC Water Economy of RM in state ownership ¹²	52,000	624,000
PUE Derven Veles	45,500	546,000
PEU Komunalec Strumica	30,000	360,000
PUE Komunalec Prilep	per session	/
PE Streets and Roads Skopje	information was not disclosed	information was not disclosed
PUE Tetovo	information was not disclosed	information was not disclosed
JSC City Trade Centre	information was not disclosed	information was not disclosed

According to data obtained, in the period January-November 2018, the highest number of sessions was held by management and supervisory boards at JSC MEPSO, i.e. 41 sessions held by its management board and 16 sessions held by its supervisory board. In the same period, the lowest number of sessions was held by management boards at UPE Water Supply Kochani and PE Water Supply Kumanovo, i.e. 8 sessions each, while in the case of supervisory boards, they concern PUE Derven Veles and PE Water Supply Bitola, each with 4 sessions.

Sessions held in the period January-November 2018

Enterprise	Number of sessions held by MB	Number of sessions held by SB
JSC MEPSO	41	16
PE Strezevo Bitola	32	14
ADSDP	29	N/A ¹³

¹⁰ Remuneration paid to members of the boards of directors is calculated on the basis of the government's new decision from 6.11.2018 whereby monthly remuneration for chairs of the boards of directors amounts to 24,000 MKD, while non-executive members are entitled to remuneration in the amount of 20,000 MKD.

¹¹ Having in mind that remunerations paid were declared business secret, it is unclear whether directors at MEPSO who are also members of its management board received additional remuneration or not.

¹² This joint stock company has one-tiered management system, i.e. it only has the board of directors with executive and non-executive members.

PBE Macedonian Radio-Television Skopje	25	14
MR Infrastructure	22	information was not disclosed
PE Macedonian Radiobroadcasting Skopje	19	7
JSC State Lottery of Macedonia	14	10
PE Water Supply Bitola	20	4
PE Komunalec Bitola	18	9
JSC Macedonian Post	15	information was not disclosed
IMPE Proaqua Struga	10	information was not disclosed
PE Parks and Greenery	14	5
MR Transport JSC Skopje	13	19
PTE Skopje	13	information was not disclosed
PE Macedonia Road Skopje	13	information was not disclosed
PE Isar Shtip	12	information was not disclosed
PE Communal Hygiene Skopje	11	5
PEU Komunalec Strumica	11	5
PE Water Supply and Sewage Skopje	11	information was not disclosed
PUE Derven Veles	9	4
UPE Water Supply Kochani	8	6
PE Water Supply Kumanovo	8	6
PE State Roads	information was not disclosed	information was not disclosed
JSC Power Plants Skopje	information was not disclosed	information was not disclosed
PE Macedonian Forests Skopje	information was not disclosed	information was not disclosed
PE Streets and Roads	information was not disclosed	information was not disclosed
JSC Water Economy of RM in state ownership	information was not disclosed	N/A ¹⁴
PUE Tetovo	information was not disclosed	information was not disclosed
JSC City Trade Centre	information was not disclosed	information was not disclosed
PUE Komunalec Prilep	information was not disclosed	information was not disclosed

¹³ Does not have Supervisory Board

¹⁴ Does not have Supervisory Board

Recommendations

- ✓ Secondary legislation needs to be adopted for precise stipulation of the process for selection of members to governing bodies at state-owned enterprises. In that, such bylaw should apply to all enterprises founded by the state, i.e. should cover both public enterprises and joint stock companies. Moreover, it should stipulate an obligation for founding entities of these enterprises to announce open calls for membership in management and supervisory boards, to perform administrative verification of applications received, to organize interviews with potential candidates, and to form adequate committee for evaluation of potential candidates and for selection of the best candidates. Such legislative solution would address the current situation whereby it is more difficult for a person to find employment as civil servant with junior associate title than to become member of governing bodies at state-owned enterprises and thereby to be entrusted with managing tens and hundreds of million euros. Namely, the Law on Civil Servants stipulates much more precise procedure for recruitment of civil servants compared to the Law on Public Enterprises and the Company Law, both of which include provisions only about the number of members in governing bodies, their qualifications and competences entrusted to them, but fail to regulate the procedure for selection of management and supervisory board members.
- ✓ Necessary qualifications should be precisely defined for members of management and supervisory boards in the case of two-tiered management systems and for members of boards of directors in the case of one-tiered management systems. As regards management boards, precise definition is needed for terms such as “prominent” and “known” expert in the area of operation pursued by concerned public enterprises. Expertise, in terms of education degree and in terms of work experience, should be proven against specific and measurable criteria. According to the legal solution in effect, it is unclear how a person with 3-year work experience in any area of operation could be considered prominent and known and how are such prominence and expertise proven. In particular, Article 17 of the Law on Public Enterprises stipulates that: *“The founding entities of public enterprises shall appoint or dismiss members of management boards from the ranks of prominent and known experts in the area of operation pursued by concerned public enterprises, with due consideration of adequate and equitable representation of members from all communities. Persons appointed as management board chairs and management board members shall fulfil the following criteria: to be citizens of the Republic of Macedonia; to have acquired at least 240 credits according to ECTS or to completed VII/1 education level; at the time of their appointment, not to be subject of enforceable court rulings issuing fine or misdemeanour sanction prohibiting them to perform certain profession, activity or office; to have at least three years of work experience.”* Contrary to this provision, introduction of specific and measurable criteria would reduce possibilities for subjectivity and politicization of the selection process and would increase chances for professionalization of management and supervisory boards. As regards supervisory boards, Article 26 of the Law on Public Enterprises stipulates that: *“For the purpose of control over material and financial operations, public enterprises shall establish supervisory boards for control over material and financial operations (hereinafter: supervisory boards) comprised of five members. Duration of the term of office*

for members of supervisory boards shall not be longer than four years. Members of supervisory boards referred to in paragraph 1 of this article shall be appointed or dismissed by the relevant founding entity. Persons appointed as members of supervisory boards shall fulfil the following criteria: to be citizens of the Republic of Macedonia; to have acquired at least 240 credits according to ECTS or completed VII/1 education level; at the moment of their appointment, not to be subject of enforceable court rulings issuing fine or misdemeanour sanction prohibiting them to perform certain profession, activity or office; and to have at least three-year work experience.” Qualifications and work experience of supervisory board members need to be directly correlated to their obligation to control material and financial operations at public enterprises. It is more than evident that this type of oversight requires serious knowledge and experience because, otherwise, their control function would become a mere formality. Having in mind the size of capital disposed by state-owned enterprises, an adequate model needs to be designed to increase qualifications of supervisory board members at joint stock companies in state ownership.

Company Law does not define qualifications of governing bodies given that these members are appointed by shareholders and starting from the market logic whereby company owners entrust management positions to persons whose competences instil great confidence in their performance. However, this principle is inadequate in the case of state-owned enterprises, which require control over their operation to be ensured on behalf of citizens, although shareholders in such companies are the government and the municipalities. In that, the interest of public office holders does not necessarily overlap with the public interest, and therefore necessitates competent and relevant oversight.

- ✓ The Law on Public Enterprises and the Company Law should be amended with a view to stipulate that respective procedures for selection of members to governing bodies and their qualifications will be duly regulated in detail by means of secondary legislation.

APPENDIX no.1: Reasons for lodging appeals against responses to requests submitted under the instrument for free access to public information

Information holder	Grounds for lodging appeal
Government of RNM	The question from the information request inquiring about decisions for selection of members to governing bodies at it has founded was forwarded to concerned enterprises, although the government creates these documents and is therefore the relevant information holder.
Municipality of Tetovo	It did not respond to the information request.
PE State Roads	It did not disclose work biographies for management board members. Requested work biographies were not disclosed indicating changes to composition of its management and supervisory boards, while agendas and minutes from sessions were not disclosed indicating that they are not part of the list of public information disposed by this public enterprise.
JSC Construction and Management of Residential and Commercial Property of Significance for the Republic – Skopje	It did not disclose work biographies for members of the governing body at this joint stock companies, i.e. for members of the board of directors. As regards agendas and minutes from sessions held by the board of directors, the information holder disclosed only the number of sessions held, but not agendas and minutes therefrom.
PE Strezevo	It did not respond to the information request. Later, this enterprise disclosed all data requested, with the exception of work biographies indicating it does not dispose with such information. The information request inquiring about work biographies was forwarded to its founding entity (the government).
PE Macedonian Forests Skopje	It did not disclose work biographies for management board members.
PE Macedonia Road Skopje	It did not disclose work biographies for management and supervisory board members indicating that it does not dispose with such information. After this information request was forwarded to its founding entity, the latter also responded that it does not dispose with information requested.
JSC Macedonian Post	It did not disclose agendas and minutes from sessions held by its management and supervisory boards.
PE Macedonian Broadcasting Skopje	It did not disclose work biographies for management and supervisory board members (both the public enterprise and its founding entity indicated they do not dispose with such information).
JSC Water Economy of RM in state ownership	It did not disclose information about the time when governing body members were appointed, their work biographies, agendas and minutes from sessions held and remuneration awarded to them. (Later, it disclosed information on work biographies and remuneration, but indicated that agendas and minutes are internal documents.)
PE Parks and Greenery	It did not disclose work biographies. This public enterprise indicated that it does not dispose with such information

	and forwarded the request to its founding entity, but later responded that management and supervisory board members have deposited declarations prohibiting disclosure of their personal data to third parties.
PE Communal Hygiene Skopje	It did not disclose work biographies for management and supervisory board members indicating that it does not dispose with information requested and forwarded the information request to its founding entity, which has still not responded.
PE Water Supply and Sewage Skopje	It did not disclose work biographies for management and supervisory board members indicating that they have deposited declarations prohibiting disclosure of their personal data to third parties.
Public Transport Enterprise Skopje	It did not disclose work biographies for management and supervisory board members indicating that they have deposited declarations prohibiting disclosure of their personal data to third parties without their explicit consent.
PE Streets and Roads Skopje	In its response, this information holder indicated that the information request was forwarded to the City of Skopje, which did not disclose any information requested.
PUE Komunalec Prilep	It did not disclose work biographies for two supervisory board members.
PE Komunalec Bitola	It did not disclose agendas and minutes from sessions held by its management and supervisory boards. They were provided on 28.12.2018
IMPE Proaqua Struga	It did not disclose work biographies for management and supervisory board members.
PUE Tetovo	It did not provide any response to the information request.
PE Isar Shtip	It did not disclose work biographies for management and supervisory board members, as well as agendas and minutes from sessions held by its supervisory board in the period January-November 2018.

APPENDIX no.2: Law provisions indicated by the founding entities in decisions for appointment of management and supervisory board members

Enterprise	Law provision referenced in decisions/edicts on appointment of management and supervisory board members	Contents of relevant law article
PE State Roads (MB) PE Parks and Greenery (MB) MR Infrastructure (MB) PE Communal Hygiene (MB and SB) PE Water Supply and Sewage Skopje (MB) PTE Skopje (MB) PUE Komunalec Prilep (MB and SB) PUE Derven Veles (MB and SB) UPE Water Supply Kochani (MB) PE Macedonia Road (MB) PE Water Supply Kumanovo (MB) PE Streets and Roads (MB) PE Komunalec Bitola (MB) PEU Komunalec Strumica (MB) PE Macedonian Broadcasting (MB) PE Water Supply Bitola (MB) PE Isar Shtip (MB)	Law on Public Enterprises (Art. 17)	<p>The management boards of public enterprises shall be comprised of five (5) members at least and fifteen (15) members at most.</p> <p>The founding entities of public enterprises shall appoint or dismiss members of management boards from the ranks of prominent and known experts in the area of operation pursued by concerned public enterprises, with due consideration of adequate and equitable representation of members from all communities.</p> <p>Duration of the terms of office for members of management boards shall not be longer than four years.</p>
PE Parks and Greenery (MB and	Law on Local Self-	Municipal Councils shall have the following competences:

SB) PE Communal Hygiene (MB and SB) PE Water Supply and Sewage Skopje (MB and SB) PTE Skopje (MB and SB) PUE Komunalec Prilep (MB and SB) PUE Derven Veles (MB) PE Water Supply Kumanovo (MB) PE Streets and Roads (MB and SB) PE Komunalec Bitola (MB and SB) PE Water Supply Bitola (MB and SB) PE Isar Shtip (MB)	Government (art. 36)	... 5. to appoint members of management boards at public utility services they have established; ...
PE State Roads (SB) PE Parks and Greenery (SB) MR Infrastructure (SB) PE Communal Hygiene (SB) PE Water Supply and Sewage Skopje (SB) PTE Skopje (SB) UPE Water Supply Kochani (SB) PE Macedonia Road (SB) PE Streets and Roads (SB) PE Komunalec (SB) PEU Komunalec Strumica (SB) PE Macedonian Radiobroadcasting (SB) PE Water Supply Bitola (SB) PE Isar Shtip (SB)	Law on Public Enterprises (Art. 26)	For the purpose of control over material and financial operations, public enterprises shall establish supervisory boards for control over material and financial operations (hereinafter: supervisory board) comprised of five members. Duration of the term of office for members of supervisory boards shall not be longer than four years. Members of supervisory boards referred to in paragraph 1 of this article shall be appointed, i.e. dismissed by the relevant founding entity. Members of supervisory boards shall be appointed from the ranks of persons with higher education degrees, holding relevant knowledge and experience, especially in the area of financial and accounting operations.
MR Transport JSC Skopje JSC Power Plants (SB) PE Water Supply Kumanovo (SB)	Article 382, paragraph 1, item 3 of the Company Law	The company's shareholders assembly shall have the following competences: 3) to appoint and to dismiss members of the board of directors and members

JSC State Lottery		of the supervisory board; ...
JSC State Lottery (MB)	Article 374 of the Company Law	<p>The management boards shall be comprised of three (3) members at least and eleven (11) members at most.</p> <p>....</p> <p>(3) The supervisory boards shall appoint members of management boards, i.e. company managers. Decisions on selection of management board members shall also include appointment of one board member as the board chair.</p> <p>(4) The supervisory boards may dismiss management board chairs at any time and may appoint new board chairs.</p> <p>(5) Nobody shall be allowed to simultaneously serve as member of management boards or company manager and member of supervisory boards.</p> <p>....</p>
PBE MRT (PC)	Article 117 of the Law on Audio and Audiovisual Media Services	<p>Entities authorized to nominate members to MRT's programme council</p> <p>1. Members of MRT's programme council shall be appointed and dismissed by the Parliament of the Republic of Macedonia, upon nomination from authorized entities, as follows:</p> <ul style="list-style-type: none"> - the Inter-University Conference shall be entitled to nominate one council member; - the National Institution "Albanian Theatre" shall be entitled to nominate one council member; - the National Institution "Turkish Theatre" shall be entitled to nominate one council member; - the Association of Journalists with majority members shall be entitled to nominate two council members; - the Association of Local Self-Government Units shall be entitled to nominate three council members; and - the Parliament's Committee on Elections and Appointments shall be entitled to nominate five council members. <p>2. Candidates for members of MRT's programme council shall be citizens of the Republic of Macedonia, shall hold higher education degrees and shall be prominent persons, known in the public for their efforts on respecting democratic values and principles, the rule of law, developing and promoting the highest values of the constitutional order in the Republic of Macedonia,</p>

		<p>civil society development, protection of human rights and freedoms, and freedom of speech.</p> <p>3. Entities authorized to nominate council members referred to in paragraph 1, items 1, 2, 3 and 4 of this article shall determine the candidates from their respective ranks, upon previously announced internal call.</p> <p>4. When determining the candidates, authorized entities referred to in paragraph 1 of this article shall take into consideration provisions under Article 116, paragraph 4 of this law and shall make due consideration of terms and conditions for appointments in compliance with Article 119 of this law.</p>
PBE MRT (SB)	Article 124, paragraph 1, item 4 of the Law on Audio and Audiovisual Media Services	<p>MRT's programme council shall have the following competences:</p> <p>...</p> <p>- to appoint and to dismiss members of MRT's supervisory board.</p> <p>...</p>
PUE Komunalec Prilep	Article 26, paragraph 1, item 29 of the Municipality of Prilep's Statute	<p>The Municipal Council shall be responsible to perform following matters:</p> <p>...</p> <p>29. to appoint members to management boards at public utility services it has established.</p> <p>...</p>
PUE Derven Veles	Paragraph 45 from the Municipality of Veles's Statute	<p>The Municipal Council shall adopt the Statute, the Council's Rules of Procedures, decisions, plans and programs, edicts, conclusions and other acts, and shall issue opinions and provide guidelines.</p> <p>The Statute shall be municipality's basic act that regulates main issues related to municipal competences and organizational setup, as well as other issues of importance for the municipality.</p> <p>The Municipality's Statute shall be adopted in two stages: as draft statute and as proposed statute.</p> <p>The Statute shall be adopted by the Municipal Council by means of majority vote from the total number of municipal councillors.</p>
PE Water Supply Kumanovo (MB and SB)	Article 25, paragraph 1, item 26 and Article 71, paragraph 2 of the Municipality of Kumanovo's Statute	<p>Article 25: The Municipal Council shall perform the following matters:</p> <p>...</p> <p>26. to appoint members of management boards and supervisory boards for control over material and financial operations at public utility services it has established;</p>

		<p>Article 71: The Municipal Council and the Mayor, each within their own competences, shall adopt individual acts.</p> <p>The Municipal Council shall adopt edicts on appointments and dismissals and other decisions falling within its competences.</p> <p>.</p> <p>The Mayor shall adopt edicts/decisions.</p>
PE Komunalec Bitola (MB and SB) PE Water Supply Bitola (MB and SB)	Article 70 of the Municipality of Bitola's Statute	The Municipal Council shall adopt its Rules of Procedure, decisions, plans and programs, edicts, conclusions and other acts and shall issue opinions and provide guidelines.
PE Macedonian Broadcasting (SB)	Article 9 of the Law on Establishing the Public Enterprise Macedonian Broadcasting	<p>For the purpose of control over material and financial operations, the public enterprise shall establish supervisory board for control over material and financial operations comprised of five members.</p> <p>Duration of the term of office for supervisory board members shall not be longer than four years.</p> <p>Members of the supervisory board shall be appointed, i.e. dismissed by the Government of the Republic of Macedonia.</p> <p>Members of the supervisory board shall be appointed from the ranks of persons with higher education degrees, holding knowledge and experience in the area of financial and accounting operations.</p> <p>The supervisory board shall perform matters falling within its competences in compliance with provisions from the Law on Public Enterprises, this law and the public enterprise's Statute.</p>
PE Macedonian Broadcasting (MB)	Article 10 of the Law on Establishing the Public Enterprise Macedonian Broadcasting	<p>The management board shall be comprised of seven members.</p> <p>Four members of the management board shall be appointed by the Government of the Republic of Macedonia from the ranks of prominent scholars and experts, while three members shall be appointed from the ranks of its staff members, upon proposal from the staff council at the public enterprise.</p> <p>....</p>
PE Isar Shtip (MB and SB)	Article 21, item 22 from the Municipality of Shtip's Statute	<p>The Municipal Council shall perform the following matters:</p> <p>...</p> <p>22. appoint members to management boards at public utility services it has established.</p> <p>....</p>

