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$470M in APEC Funds Were Misused, Audit Chamber Says

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Billions of rubles allocated for infrastructure projects ahead of the Asia-Pacific Economic Cooperation Summit in Vladivostok were misused, the Audit Chamber said Tuesday.

The report presented a rather grim picture of what was supposed to have been a model for development in the Far East.

The Audit Chamber said in a statement that more than 15 billion rubles ($472.5 million) in funds allotted over the 2008-2012 period for construction projects for the high-profile summit, held in September on Russky Island, were improperly used.

The statement also said that only 23 of 67 APEC projects had become operational by Sept. 1 and that not a single one of the government agencies that commissioned projects had received approved, positive expert assessments of the project documentation, or cost estimates.

As examples of unfinished work, the chamber said a garbage-processing plant on Russky Island built for use after the summit was not functioning and that the Primorye region administration had failed to "ensure the preparation" ahead of the summit of two five-star hotels and an opera theater.

The chamber, which serves a similar role to the U.S. Government Accountability Office and is led by a former prime minister, Sergei Stepashin, said it would send letters regarding the probe to the president's and prime minister's offices as well as to the Interior Ministry.

Investigators said last week that the head of the Regional Development Ministry's far eastern directorate, Oleg Bukalov, has been named a suspect in the alleged theft of 93 million rubles in budget funds meant for APEC summit preparation, RIA-Novosti reported.

On Saturday, a Moscow court authorized the arrest of Roman Panov, a former Regional Development Ministry official and current speaker of the Perm region legislature, as part of the same case.

Panov went to work in Perm after his boss, former Regional Development Minister Viktor Basargin, was nominated to be governor of the region by President Vladimir Putin.

Basargin defended Panov in an interview with Rossiiskaya Gazeta on Monday, describing him as a "competent and knowledgeable" person.

The Prosecutor General's Office said Tuesday that unspecified former Health and Social Development Ministry officials might become suspects in a fraud case involving a government tender for conducting an HIV awareness campaign, Interfax reported.

Prosecutors said ministry officials agreed to pay 21 million rubles ($670,000) for the campaign, double the price offered by another company.

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