

Audit Chamber Finds \$205M in North Caucasus Spending Irregularities

By [The Moscow Times](#)

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The Audit Chamber has exposed financial irregularities totaling 6.7 billion rubles (\$205 million) in the North Caucasus republics of Kabardino-Balkaria and Karachay-Cherkessia, the watchdog said Wednesday.

The Audit Chamber's findings follow checks made to verify that the two North Caucasus republics had eliminated previously revealed irregularities involving the local authorities.

Of the 6.7 billion rubles, violations involving 5.4 billion rubles were exposed in Kabardino-Balkaria and almost 1.4 billion rubles in Karachay-Cherkessia.

In Kabardino-Balkaria, the local authorities have ignored their obligations to move citizens from structurally unsafe housing, the Audit Chamber claimed. Since 2009, not a single family has been resettled and citizens continue to live in hazardous accommodation, it said.

The Chamber has also exposed spending violations involving cash from Russia's investment fund intended for construction of a polymer plant in Kabardino-Balkaria. The financial controller has also discovered violations in the two republics involving state construction orders.

Both republics remain heavily subsidized by the federal government, with subsidies accounting for 63 percent of the budget in Kabardino-Balkaria and almost 80 percent in Karachay-Cherkessia, it said.

The republics of the North Caucasus are plagued by poor economic conditions and high unemployment, which contribute to the ongoing Islamist insurgency there. The area has a reputation for institutional corruption, which has prompted Russian nationalists in other parts of the country to call on the government to "stop feeding the Caucasus" with excessive subsidies.

The government last last year approved a new state program for the North Caucasus through 2025, allocating 2.5 trillion rubles (\$80.9 billion) in spending on the region over the next 13 years.

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