

Macedonia

by Zhidas Daskalovski

Capital: Skopje
Population: 2.0 million
GDP/capita: US\$7,268
Ethnic Groups: Macedonian (64.2%),
Albanian (25.2%), Turkish (3.9%),
Roma (2.7%), Serb (1.8%),
other (2.2%)

The economic and social data on this page were taken from the following sources:

GDP/capita, Population: *Transition Report 2006: Finance in Transition* (London, UK: European Bank for Re-construction and Development, 2006).

Ethnic Groups: *CIA World Fact Book 2007* (Washington, D.C.: Central Intelligence Agency, 2007).

Nations in Transit Ratings and Averaged Scores

	1999	2001	2002	2003	2004	2005	2006	2007
Electoral Process	3.50	3.75	4.50	3.50	3.50	3.00	3.25	3.25
Civil Society	3.50	3.75	4.00	3.75	3.25	3.25	3.25	3.25
Independent Media	3.75	3.75	3.75	4.00	4.25	4.25	4.25	4.25
Governance*	3.00	3.75	4.25	4.50	4.00	n/a	n/a	n/a
National Democratic Governance	n/a	n/a	n/a	n/a	n/a	4.00	3.75	3.75
Local Democratic Governance	n/a	n/a	n/a	n/a	n/a	4.00	3.75	3.75
Judicial Framework and Independence	4.25	4.25	4.75	4.50	4.00	3.75	3.75	3.75
Corruption	5.00	5.00	5.50	5.50	5.00	5.00	4.75	4.75
Democracy Score	3.83	4.04	4.46	4.29	4.00	3.89	3.82	3.82

* With the 2005 edition, Freedom House introduced separate analysis and ratings for national democratic governance and local democratic governance to provide readers with more detailed and nuanced analysis of these two important subjects.

NOTE: The ratings reflect the consensus of Freedom House, its academic advisers, and the author of this report. The opinions expressed in this report are those of the author. The ratings are based on a scale of 1 to 7, with 1 representing the highest level of democratic progress and 7 the lowest. The Democracy Score is an average of ratings for the categories tracked in a given year.

EXECUTIVE SUMMARY

Modern Macedonia came into existence in 1945 as one of the six constituent republics of the Socialist Federal Republic of Yugoslavia. When Yugoslavia disintegrated in 1991, Macedonia declared independence on November 21, 1991, and today is a democratic multiparty state. In contrast with other former Yugoslav republics, Macedonia enjoyed a broadly uncontested and comparatively peaceful transition to independence. However, full international recognition was delayed by Greek objections to the new state being called Macedonia, and admission to the United Nations was blocked until April 1993, when it took place under the interim designation “Former Yugoslav Republic of Macedonia.” Although the reference to the country’s Yugoslav past was to be used exclusively within the UN as a result of Greek pressure, other international institutions have also used the interim reference.

Besides the “name issue,” interethnic relations and the question of minority rights were at the forefront of the domestic political agenda during the country’s democratization period. Macedonia is a multiethnic state with a population of around two million. Macedonians constitute 64 percent of the total population, while Albanians are the biggest minority with 25 percent. During the 1990s, Macedonian political elites clashed with their ethnic Albanian counterparts over the basic concept of the state. Following the warlike crisis in the first half of 2001 and the signing of the Ohrid Framework Agreement, Macedonia made a number of amendments to the 1991 Constitution that clarified the position of national minorities in the legal system, preserving territorial integrity and sovereignty.

During 2006, the national elections held in July were a major event. The European Union (EU) made further progress in Macedonia’s integration process a condition of the regular conduct of parliamentary elections. Yet during the first half of the election campaign, there were a number of violent incidents, including attacks on campaign offices, fights among party activists, and nonfatal shooting incidents. Most of these occurred in the northwest of the country and involved the ethnic Albanian parties Democratic Union for Integration (DUI) and the Democratic Party of Albanians (DPA). Clashes between party members or supporters during the election campaign provoked the EU and United States again to call on party leadership to send a clear signal to their membership to refrain from the use of force.

In the end, the elections were peaceful and fair, and international observers said that they “largely met international standards.” The electoral coalition led by the Internal Macedonian Revolutionary Organization–Democratic Party for Macedonian National Unity (VMRO-DPMNE) secured 32.3 percent of the vote and 45 seats in the new Parliament. On the other hand, the Together for Macedonia coalition led by the Social Democratic Alliance of Macedonia (SDSM) won just 23.2

percent and 32 members of Parliament (MPs). After much wrangling about the DUI's inclusion in the new coalition government, with the DPA objecting strongly, a new government was formed led by Premier Nikola Gruevski and including the VMRO-DPMNE, DPA, the New Social Democratic Party, the Democratic Renewal of Macedonia, the Party for European Future, and the Liberal Party.

Since the 2001 conflict, the level of security in Macedonia has gradually improved, and police presence is now ensured throughout the country. Since many police patrols are ethnically mixed, the trust of minority communities has further improved in 2006. The EU police mission EUPOL Proxima ended in December 2005. The implementation of police reform at the local level continued to be supported, first by an EU police advisory team until June 2006 and then by a Community Assistance for Reconstruction, Development and Stabilisation (CARDS)-funded project. With the exception of a number of localities in the former crisis areas (for instance, Kondovo and Saraj), where police activities require a considerable level of sensitivity, the government's authority extends over the full territory of the country. However, the question remains how to collect illegal weapons still circulating within Macedonia.

National Democratic Governance. All Macedonian political parties share the view that Macedonia should become a member of the EU and NATO. There is a strong consensus among political groups and citizens that market democracy should be the basis of the country's political system. It is widely understood that political moderation and ethnic tolerance are important to Macedonian politics. The national political system is currently free from such threats to stability as insurgency or war. In 2006, the government led by the SDSM, as well as the one led by the VMRO-DPMNE after the elections, continued the EU-related reforms, particularly in the judiciary and the police. Both governments continued to address a key concern of the Ohrid Agreement, the underrepresentation of Macedonian Albanians in public administration (and public enterprises). The agreement established equal and just representation in public administration at national and local levels as the highest priority, and it is a key reform in the public sector, where minority groups and especially Albanians from Macedonia have been underrepresented. In 2006, the process of recruiting qualified minority members continued, and the new government pledged €2.5 million (US\$3.4 million) for this purpose in 2007, three times the amount spent in 2005 and 2006. In all state institutions, 81 percent of employees are Macedonians, 13 percent are Albanians, 2 are percent Serbs, 1.4 percent are Turks, and 0.6 percent are Roma and Vlachs. *Macedonia's rating for national democratic governance remains at 3.75.*

Electoral Process. According to the law, national elections in Macedonia are to be conducted every four years. In 2006, Macedonia improved the electoral system acting upon recommendations by the EU and the Organization for Security and Cooperation in Europe/Office for Democratic Institutions and Human Rights (OSCE/ODIHR). Achieving political consensus, a comprehensive reform of the

electoral code was enacted by the Parliament in March. There is a fully professional State Election Commission now in place, and the participation of civil servants in electoral administration has been increased. In parallel, the criminal code was changed to strengthen sanctions for election-related crimes. Further strengthening the message, this year the judiciary sentenced a number of people for election tampering during the local elections in 2005. International observers said that the elections “largely met international standards.” Turnout was 56.1 percent of registered voters, a decline from the 73.4 turnout in the 2002 elections. The electoral coalition led by the VMRO-DPMNE won, obtaining 32.3 percent of the vote and 45 seats in the new Parliament. Compared with the local elections held in 2005, the national vote in 2006 experienced fewer election irregularities, which nonetheless included proxy voting, political violence, the presence of unauthorized personnel at polling stations, and voter intimidation. *Macedonia’s electoral process rating remains at 3.25.*

Civil Society. In the last 16 years, the number and scope of nongovernmental organizations (NGOs) in Macedonia have risen dramatically. Yet although Macedonian civil society boasts over 5,500 NGOs by some estimates, the civil sector continues to lack capacities and consistent funding. Many deal with significant societal, political, and economic issues. In 2006, the active involvement of NGOs in public policy making and reforms increased. A number of think tanks gained a higher profile by offering policy analyses and making proposals for new legislation or amending existing ones. Under the 1998 Law on Citizen Associations and Foundations, NGOs are registered as civic organizations. In 2002, the local Open Society Institute Foundation, the Macedonian Center for Intercultural Cooperation, a number of experts, and several smaller NGOs initiated a process of debating the law and locating the problematic aspects. Yet amendments to the law have not yet been approved, as some are seen as problematic for the development of the sector. Foreign donors are increasingly leaving the western Balkans region and Macedonia, which has left many NGOs in peril. Macedonian civil society has yet to attain the critical mass needed to become a serious actor at either the national or the local level. *Macedonia’s rating for civil society remains at 3.25.*

Independent Media. While in 2005 the government ignored cries to amend the criminal code and the criminal character of libel, legislation abolishing imprisonment as a punishment for defamation and libel was adopted in May 2006. Yet the fines system put in its place might be an obstacle to independent and free journalism if fines are excessive and imposed. In the fall of 2006, Macedonia began implementing the Law on Free Access to Information. It is yet to be seen whether this law will significantly improve the work of journalists. The Macedonian public enjoys a diverse selection of print and electronic sources of information at both national and local levels, representing a range of political viewpoints. A few television stations are considered to be politically influenced since the owners of these outlets are also presidents of political parties. Society enjoys open access to

the Internet, with a diverse range of sites and viewpoints, although penetration is remarkably low. *Macedonia's rating for independent media remains at 4.25.*

Local Democratic Governance. Since the 2001 Ohrid Framework Agreement, Macedonia has engaged in a decentralization effort, committing itself to devolve responsibilities of the central government to local government units. Decentralization also includes transferring tax collection and reallocation responsibilities to the local level. The law sets limits on the central government's authority and outlines new possibilities for free association of municipalities. The process of decentralization as envisaged by the Law on Financing the Local Self-Government Units is to evolve in two phases, the first initiated in July 2005. Since 2006, municipalities are now financed from own-revenue sources, government grants, and loans. Moreover, the municipalities are now responsible for setting tax rates and municipal fees specified by the Law on Property Taxes. In addition to these revenues, the Law on Financing the Local Self-Government Units envisages a number of grants provided for municipalities from the central budget. The law also allows municipalities to borrow additional funds in the capital markets, if approved by the Ministry of Finance. Outstanding issues include the need for budget monitoring by citizens' groups at the subnational level and resolution to excessive local government debt. *Macedonia's rating for local democratic governance remains at 3.75.*

Judicial Framework and Independence. While the Macedonian legal framework provides for the protection of fundamental political, civil, and human rights and equality before the law, in 2006 the government concentrated efforts on judicial reform. Budgetary resources to the judiciary increased slightly from 2005. A law was passed to found the Academy for Training of Judges and Prosecutors, and candidates for a basic court will have to complete a training course at the new academy. The Law on Mediation was adopted in May to lower the backlog of unsolved cases, and 60 mediators were appointed. In May, several new laws were passed, including the Law on the Courts, Law on the Judicial Council, Law on Misdemeanors, and Law on Administrative Disputes. Despite these reform efforts, inefficiency of the judiciary remained a major problem in 2006. There are hundreds of thousands of untried cases. The courts are burdened with administrative work and are also expected to deal with a high number of misdemeanors as well as adjudicated cases that require enforcement. Out of five judgments against Macedonia before the European Court of Human Rights in 2006, four noted violations related to the length of judiciary proceedings. *Macedonia's rating for judicial framework and independence remains at 3.75.*

Corruption. Given that few cases of corruption have actually been resolved in the 16 years since independence, it is clear that the Macedonian public has "internalized" and "normalized" official corruption. For experts and citizens alike, the perception is that corruption remains widespread and is holding back economic development and weakening social cohesion. In 2006, corruption was reported in the prison

system, health care, courts, the education system, the committee responsible for restitution, and even the electric company. Every third citizen had to pay a bribe to obtain services, reported a survey by the Institute for Sociological, Political, and Legal Studies. A number of high-profile cases of corruption were reported by the media, if not legally sentenced. In the fall, the new government initiated a campaign against illegal construction projects by the “urban mafia.” In fact, strengthening the fight against corruption is a primary goal of the government. *Owing to the fact that no progress has been made in tackling the issue despite the political will to do so, Macedonia’s rating for corruption remains at 4.75.*

Outlook for 2007. The new government has begun a thorough reform in the economic sphere. In hopes of obtaining a date for EU membership negotiations, the reform process is expected to continue in 2007, further harmonizing Macedonian legislation with EU law. The EU accession process is expected to further consolidate political stability. Ethnic relations are not expected to be affected by the resolution of the status of Kosovo. A key issue for 2007 will be to see if the second phase of the decentralization process will start in July as planned.

MAIN REPORT

National Democratic Governance

1999	2001	2002	2003	2004	2005	2006	2007
n/a	n/a	n/a	n/a	n/a	4.00	3.75	3.75

Modern Macedonia came into existence in 1945 as one of the six constituent republics of the Socialist Federal Republic of Yugoslavia. When Yugoslavia disintegrated in 1991, Macedonia declared independence on November 21, 1991, and today is a democratic multiparty state. Power is divided among the three branches of government: the Parliament, the executive (the government with the president and premier), and the judiciary (Supreme Court, Constitutional Court, and public prosecutor).

The unicameral Parliament is composed of between 120 and 140 members elected by direct, universal suffrage. All parliaments prior to the current one have had 120 members. According to the electoral laws adopted in June 2002 (the Law on Election of Members of Parliament of 2002, the Law on the Voter List, and the Law on Election Districts), MPs are elected for a four-year term in six electoral districts. Each district has about 290,000 voters and elects 20 members by proportional representation. Citizens vote for an electoral list, and seats are distributed on a proportional basis, according to the D'Hondt formula. The nomination lists may be submitted by parties, coalitions of parties, or groups of at least 500 voters. Each list of candidates may contain no more than 70% of either sex.

Pursuant to Article 88 of the Constitution, executive power is vested in the government, which is responsible for the organization and coordination of all state administrative bodies. It initiates draft legislation, oversees the operation of state institutions, and executes laws and regulations adopted by the Parliament. In the last 15 years, the governments have been formed by a coalition of parties, typically a major Macedonian and Macedonian Albanian party and a smaller Macedonian party as a junior coalition partner. Although the president has the legal duty to nominate candidates, the Parliament appoints the premier, who is the head of government and selected by the party or coalition that gains a majority of seats in the Parliament. The current government is led by Premier Nikola Gruevski and includes the Internal Macedonian Revolutionary Organization–Democratic Party for Macedonian National Unity (VMRO-DPMNE), the Democratic Party of Albanians (DPA), the New Social Democratic Party (NSDP), Democratic Renewal of Macedonia (DOM), the Party for European Future (PEI), and the Liberal Party.¹

The Macedonian political system is semipresidential, akin to the French model. By law, the president represents Macedonia at home and abroad and is the commander-in-chief of the armed forces. The president may veto legislation adopted

by the Parliament with a simple majority. However, this veto power is quite limited, and the Parliament can vote on the same law again within 30 days. If the law in question is approved again by a two-thirds majority, the president must sign the decree into law. Since the president is elected by direct ballot and has a term of five years, with the right to one reelection, the personality of the president has a great impact on the position's actual power.

Kiro Gligorov, acting as "father of the nation" from 1991 to 1999, set the trend for strong presidents, with the late Boris Trajkovski and the current president, Branko Crvenkovski, following his example. It is widely believed that in 2006 President Crvenkovski played a principal role in the ouster of the Social Democrats leader, Vlado Buchkovski, and inaugurating Radmila Shekjerinska as the new party chief in the fall. The president has the authority to appoint and recall ambassadors of Macedonia abroad. In 2006, President Crvenkovski coordinated the removal of the Macedonian ambassadors to the United Kingdom and United States.² The reason given was that both ambassadors had meddled in local politics by commenting on the rift in the Social Democratic Alliance of Macedonia (SDSM).

The Constitutional Court plays a dominant role within the Macedonian judiciary. The Court oversees major acts of the Parliament and cabinet, having the power to annul legislation or decrees that are found to violate the Constitution. The Judicial Council similarly provides oversight of the court system and judges. The Parliament appoints council members as well as Constitutional Court judges and the public prosecutor through a system of double majority voting, which requires a majority of the votes of MPs who are members of minority ethnic groups.

Although Macedonia is a parliamentary democracy, in practice the government strongly dominates the assembly by introducing laws for adoption or amendment. Still, mitigating factors prevent the concentration of power in cases where a political party or coalition wins control of both the legislature and the executive. First of all, the strong figure of the president works to balance the dominant tendency of the premier. This functions well when the president and the premier do not belong to the same party, as the president's authority significantly influences the politics of the party in power. Second, the Macedonian political system features a government composed of a multiethnic coalition. Governing requires advanced interpersonal skills and accommodation, which in turn necessitates much political maneuvering and compromise, making the concentration of power impracticable.

Macedonia is a multiethnic state with a population of around two million. Macedonians constitute 64 percent of the total population, while Albanians are the biggest minority with 25 percent. As elsewhere in Eastern Europe, Macedonia's reforms in the last 15 years have been focused on two issues—state building and setting up the legal base for a functioning market economy.³ Problems consolidating Macedonia's democracy have been related to its interethnic relations. During the 1990s, Macedonian political elites clashed with their ethnic Albanian counterparts over the basic concept of the state.

Various elements in the Constitution, census, laws on education, local self-government, public display of national minority symbols, and the ethnic makeup

of the police, army, and public administration were all contested by Macedonian Albanians during this period. With a major segment of the population challenging the very foundations of the state, Macedonia, before the 2001 Ohrid Framework Agreement and the subsequent adoption of the amendments to the 1991 Constitution, could not consolidate its democracy.

While Macedonians have insisted on a unitary nation-state, Macedonian Albanians have refused to be considered an ethnic minority and have advocated for official binationalism. Starting with the early 1990s, reforms were enacted and improvements were made, albeit quite slowly, resulting in a rise in civil society participation by Macedonian Albanians. Similarly, in 2000, amendments to the Law on Higher Education were passed allowing private education in languages other than Macedonian, while a European-financed trilingual (Albanian, English, and Macedonian) university was opened in 2001.

Although Macedonia recognized the rights of national minorities and promoted pluralism in the media, native-language education, minority civil society organizations, and interethnic power sharing in the national government, living standards sank as unemployment soared. Under such circumstances, the political transformation was formulated as a zero-sum game, pitting ethnic Albanian grievances against Macedonian fears for “their” country’s security and integrity. Armed conflict erupted between Albanian rebels and government forces in 2001 but was ended quickly through an EU- and U.S.-mediated agreement, signed in August of that year.

The Ohrid accord envisioned a series of political and constitutional reforms that address ethnic Albanian demands for equal standing. Consequently, the amendments to the 1991 Constitution based on this agreement clarified the rights of national minorities, especially ethnic Albanians. The major provisions include amending the preamble to the Constitution, instituting double majority voting in the Parliament, increasing the representation of ethnic Albanians in the police force, and stipulating the use of the Albanian language in official proceedings. Other provisions stipulate fulfilling many of the demands raised by Macedonian Albanians throughout the 1990s and introduce a substantial degree of municipal decentralization, equitable representation in the public administration of minority communities, and confidence-building measures to overcome the immediate consequences of the 2001 conflict.

Since then, the general security level has gradually improved, and police presence is now ensured all over the country. Many police patrols are ethnically mixed, which further improves the trust of minority communities in 2006.⁴ The EU police mission EUPOL Proxima ended in December 2005. The implementation of police reform at the local level continued to be supported by an EU police advisory team until June 2006, then was taken over by a CARDS-funded project. With the exception of a number of localities in the former crisis areas, where police activities require a considerable level of sensitivity, the government’s authority extends over the full territory of the country. However, questions remain about how to collect illegal weapons still circulating within Macedonia.

According to the Constitution, the army and the police are under civilian control. The National Security and Defense Concept, adopted in 2003, coordinates security in cases of crisis. Under the Law on Internal Affairs, the Ministry of the Interior is responsible for the internal security of the state. The ministry has a Bureau for Public Security, which includes the Department of Police, the border police, the criminal police, and the Directorate for Security and Counterintelligence. A major step in the reform of the police and a key priority of the European Partnership Agreement was the adoption of the new Law on the Police in October 2006.⁵

Reform continued throughout the year in the Ministry of Defense and the army, driven by the prospect of Macedonia's membership in NATO, and is due to be completed by the end of 2007. In September, the new government adopted a national program for NATO membership. The reform also takes into account the objectives of the Ohrid Framework Agreement to achieve equitable representation of individuals from minority communities in the civil service. According to the Constitution, the president is the commander-in-chief of the armed forces, while a civilian minister of defense oversees all security- and defense-related activities.

To ensure the government fulfills its obligations under the Ohrid Agreement, the EU made Macedonia's further integration into Europe conditional on full implementation of the agreement. The EU had already signed a Stabilization and Association Agreement (SAA) with Macedonia—the first signed with any government in the region—in April 2001. In 2006, Macedonia made progress in the implementation of the SAA, although not yet meeting all its obligations under this agreement. The two main exceptions are telecommunications liberalization and the protection of intellectual property, but the new government has announced that it will liberalize the telecommunications market.⁶

On December 17, 2005, the European Council granted the status of “candidate country to the [former Yugoslav] Republic of Macedonia,” and the government passed a draft National Program for the Adoption of the Acquis in March 2006. Despite the country's status, Macedonian citizens need visas to travel to EU member states. In July 2006, the European Commission submitted a proposal to the council to negotiate visa facilitation and readmission agreements with Macedonia. The European Commission preaccession financial assistance to Macedonia amounted to €43.6 million (US\$59.6 million) in 2006.

All Macedonia's political parties share the view that Macedonia should become a member of the EU and NATO. There is a strong consensus among political groups and citizens that market democracy should be the basis of the country's political system. Promotion of ethnic diversity, political moderation, and tolerance is widely understood as being important to Macedonian politics. The national political system is currently free from such threats to stability as insurgency or war.

Before the Ohrid accords were implemented, members of minority groups, especially Albanians from Macedonia, were underrepresented in the public sector. According to available data from the 1990s, Albanians filled only some 7 percent of positions. In 2006, the process of recruiting qualified minority members continued, and the new government pledged €2.5 million (US\$3.4 million) for this purpose in

2007, three times more than in 2005 and 2006.⁷ The numbers are steadily improving. In all state institutions, 81 percent of employees are Macedonians, 13 percent are Albanians, 2 percent are Serbs, 1.4 percent are Turks, and 0.6 percent are Roma and Vlachs.⁸ In some institutions, such as the Ministries of Education, Economy, and Local Government, the percentage of ethnic Albanian employees corresponds to the population's share in the Macedonian census.

By law, Macedonian citizens and the media have access to legislators and the legislative process, and parliamentary sessions are open to the public. Yet in practice, few citizens visit sessions of the Parliament at either the local or national level. In 2006, the new parliamentary president put into force an internal rule adopted but ignored by the previous Speaker of the Parliament to prevent citizens from visiting the Parliament while it is in session.⁹ In early October, a conflict between the MPs Menduh Thachi from DPA and Dzhevat Ademi from DUI prompted other MPs to insist that their bodyguards enter the parliament. The speaker of the parliament forbid access to all citizens to prevent incidents. Although the measure was temporary, citizen involvement in Macedonian political culture is low in general. NGOs have not been engaged in budget oversight, and local governance is a largely unchecked endeavor. The media raise many issues that are rarely taken up by civic organizations and citizens' groups.

Although the Constitution states that freedom of information is a fundamental human right, this has not ensured citizen access to public information. Macedonia adopted freedom of information legislation in January 2006 and was the last country in southeast Europe to do so. Prepared and debated since 2003, the law was given a positive verdict by the Council of Europe, and it is hoped that it will solve many of the nation's government transparency issues, including budget monitoring. All public institutions are obliged to answer information requests within 30 to 40 days or pay fines of 20,000–50,000 Macedonian denars (€300–€850, or US\$410–US\$1,161). Yet implementation of the law, overseen by the quickly trained, independent Committee for Free Access to Information, has not been a smooth affair.¹⁰ Once implementation began, few citizens showed interest in this new legal opportunity to obtain needed information.¹¹ A number of public institutions were not aware of the new law or refused to give the requested information.¹² Moreover, many public institutions did not nominate a person responsible for answering information requests by citizens.¹³

Electoral Process

1999	2001	2002	2003	2004	2005	2006	2007
3.50	3.75	4.50	3.50	3.50	3.00	3.25	3.25

Macedonia has universal and equal suffrage, with regular, free, and fair elections conducted by secret ballot. Moreover, the electoral system is free of significant

barriers to political organization and registration, and ethnic and other minority groups have sufficient opportunities to participate in the political process. In the years since independence, the electoral system has been multiparty-based, with the public engaged in the political life of the country. Power has rotated among different party coalitions representing competing interests and policy options. The field of political contenders is generally free from domination by power groups, such as the military, foreign powers, totalitarian parties, regional hierarchies, and/or economic oligarchies.

In 2006, Macedonia improved the electoral system acting upon recommendations by the EU and the OSCE/ODIHR. In order to achieve political consensus, a comprehensive reform of the electoral code was enacted by the Parliament in March. There is a fully professional State Election Commission now in place, and the participation of civil servants in electoral administration has been increased. In parallel, the criminal code was changed to strengthen sanctions for election-related crimes. This year, the judiciary sentenced a number of people for election tampering during the local elections in 2005, further strengthening the message.

The 120 deputies in the Parliament are elected by proportional representation from six electoral districts, 20 deputies to be allocated from each district. Parties or electoral coalitions nominate a list of candidates for each district that they contest. Votes are cast for a list rather than for individual candidates, and the number of candidates elected from a party's list in each district depends on their share of the vote. There is no minimum threshold that parties must reach in order to achieve representation in the Parliament. At the 2006 parliamentary elections, the State Election Commission approved 33 electoral lists, with 11 parties or coalitions putting forward lists in all six districts.

International observers said that the election held on July 5, 2006, "largely met international standards," although there was some violence during the campaign as well as a few irregularities on polling day, including ballot stuffing, family voting, and voter intimidation. More serious were the violent incidents during the election campaign, mainly involving the two principal ethnic Albanian parties, the Democratic Union for Integration (DUI) and the DPA. The Office of the Public Prosecutor initiated procedures for 11 criminal acts during the pre-election period and investigations of 8 cases of electoral fraud as a result of police reports.

On the day of the election, the State Election Commission reported that turnout was 56.1 percent of registered voters. The electoral coalition led by the VMRO-DPMNE, For a Better Macedonia, consisted of 14 parties representing ethnic Macedonians, Vlachs, Turks, Bosniaks, and Roma. The coalition secured 32.3 percent of the vote and 45 seats in the new Parliament. On the other hand, the Together for Macedonia coalition led by the SDSM won just 23.2 percent of the vote and has 32 MPs. The State Election Commission ordered voting to be repeated in 29 polling stations on July 19, 2006, after Macedonia's Supreme Court annulled the initial vote in these areas. The rerun saw the VMRO-DPMNE pick up an extra seat at the expense of the DUI.

The coalition Democratic Union for Integration-Party for Democratic Prosperity (DUI–PDP) won 12.2 percent of the vote, giving it 17 seats in the new Parliament. The opposition DPA won 11 seats, or 7.5 percent of the vote. Four other parties entered the Parliament: the NSDP, led by Tito Petkovski, formerly one of the main politicians of the SDSM, winning 7 seats; VMRO-Narodna, led by Ljubcho Georgievski, the longtime leader of VMRO-DPMNE, winning 6 seats; and the DOM and PEI, each with 1 seat. The DOM was formed in January 2006 by Liljana Popovska, a former official of the Liberal Democratic Party (not to be confused with the Liberal Party, which is different), while the PEI is led by Fiat Canoski and derives most of its support from ethnic Macedonian Muslims in the Struga region of southwest Macedonia. According to the OSCE, the most recent presidential elections held in April 2004 were free and fair, generally complied with international standards, and experienced a relatively small number of election irregularities, such as proxy voting, political violence, the presence of unauthorized personnel at polling stations, and voter intimidation.

The elections in 2006 brought changes in the composition of the government and in the Parliament. The new government coalition is led by the VMRO-DPMNE and includes the DPA as the main coalition partner together with a number of smaller parties. This coalition holds 63 seats in the Parliament. The Albanian party DUI won the votes of the Albanian population, but it was not invited to participate in the new right-oriented government, leading to a lack of political dialogue and hindering the progress of democratic reforms in the country.

Civil Society

1999	2001	2002	2003	2004	2005	2006	2007
3.50	3.75	4.00	3.75	3.25	3.25	3.25	3.25

During the Communist era, when Macedonia was part of the Yugoslav federation, the country's civil society was suppressed. Established citizens' institutions like the Association of Women of Macedonia or the Association of Youth of Macedonia could not in fact be characterized as nongovernmental institutions. In the 1980s, during the period of liberalization, Macedonia witnessed the rise of civic groups, movements, and associations, and following independence, opportunities for the development of civil society became real. Now, the state confirms by law the rights of the independent civic sector.

In the last 16 years, the number and scope of NGOs in Macedonia have risen dramatically. Many deal with significant societal, political, and economic issues. In 2006, the active involvement of NGOs in public policy making and reforms has grown. A number of think tanks have gained a higher profile by offering policy analyses and making proposals for new legislation or amending existing ones. The government adopted a strategy for cooperation with civil society in June.

In principle, the legal framework for civil society is free of excessive state pressures and bureaucracy.

Under the 1998 Law on Citizen Associations and Foundations, NGOs are registered as civic organizations. The law prohibits NGOs as well as trade and professional organizations, employer and employee unions, interest groups, and foundations from being involved in direct economic activities. In 2002, the local Open Society Institute Foundation (FOSIM), the Macedonian Center for Intercultural Cooperation (MCMS), a number of experts, and smaller NGOs initiated a process of debating the law and locating problematic aspects. Amendments to the law were to be debated in the Parliament in November but were postponed until early 2007.¹⁴ Not all of the changes are supported by the civil sector, since the new government altered the civil society's proposed amendments in a significant way.

As reported by the media¹⁵ and representatives of FOSIM,¹⁶ some of the amendments would allow "concerned citizens" or the public prosecutor to intervene in and even close NGOs that fail to follow their own statutes. Another problematic amendment states that employees of NGOs are prohibited from serving in the executive organs of their given organization. These and other similar amendments further complicate the development of the NGO sector in Macedonia. For many NGOs, it is natural for persons working in the organization to make managerial decisions, something the amendments prohibit.

Although the government respects the right to form and join civil society organizations, including free trade unions, it is hardly receptive to policy advocacy by interest groups, policy research centers, and other nonprofit organizations. Government officials rarely engage civil society groups by inviting them to comment on and influence pending policies or legislation. Think tanks like the Center for Research and Policy Making and the Economic Policy Research Institute have commented on governmental policies and offered improvements on draft versions of specific laws. The reports and training they provide are founded on solid, evidence-based research and analyses. In 2006, the think tank sector grew in both numbers and quality of products. The media, on the other hand, are more accessible to civil society groups and serve as independent sources of information and commentary, thus contributing positively to the country's civic life.

Currently, the development of NGO activities is hampered mainly by a lack of resources. Beginning in 1999, there was a boom in the sector based on availability of funds, and at the time there were some 5,500 NGOs estimated in the country.¹⁷ Various international donors supported the NGO sector, each with its own agenda often not coordinated with local needs and NGO demands. The donors have taken a top-down approach, offering funding to local organizations only if their programs and projects match the priorities established by the funders in Washington or Brussels, for example. Increasingly, these foreign donors have left the western Balkans region and Macedonia, leaving many NGOs in peril.

The remaining big grants are managed by the biggest local organizations. To a certain extent, this complicates fund-raising for local NGOs that do not have

good relations with the biggest organizations, which are now strong grant makers. Key NGOs such as FOSIM and MCMS dominate the activities and funding of local civil society organizations. Groups representing a range of special interests—women’s issues, physically impaired persons, ethnic minorities, and gay and lesbian—receive most of the attention and funding, whether local or international. Other groups are left to their own devices.

In fact, few civil society groups are financially viable in the long term. Although a new law was enacted in April 2006 providing tax incentives for local or foreign donors, local philanthropy and volunteerism are almost nonexistent, while the participation of religious groups in charitable activities is minimal. Allocations to NGOs from the state budget are nontransparent, and the biggest recipient is typically the Trade Union Federation of Macedonia.¹⁸ By giving funds to the trade unions, the government aims to implement market-driven reforms.

Apart from the trade unionists, who in 2006 received 2 million denars from the state budget (about €32,800, or US\$44,818), the Association of the Veterans of World War II, the Association of Women, the Children’s Parliament, and the Student Association also received the largest grants. All together, 101 NGOs received grants from the state in 2006, some better known to the public than others. While the trade unions’ influence has been on the wane, religious organizations are a significant part of civil society. Both the Macedonian Orthodox Church and the Islamic religious community strongly influence societal views on various issues, mainly promoting conservative attitudes.

In 2006, big scandals hit two visible NGOs, Transparency International and the Macedonian branch of the Helsinki Committee. In early November, four members of the Helsinki Committee management board resigned, accusing the organization’s president of undemocratic administration.¹⁹ In September and October, a conflict of ideas and procedures erupted in the local office of Transparency International (TI)—the executive director, Sladjana Taseva, and new board president, Sasho Ordanovski, exchanged accusations of corruption. The TI regional director, Miklos Marshall, visited Macedonia to investigate the affair, but no solution was found and the office’s license to operate under the TI name was revoked.²⁰

Macedonian civil society has yet to attain the critical mass needed to become a serious actor at either the national or local level. Instead of relying on funds on a per project basis, local NGOs would be better served if core funding in key sectors were available. Macedonian civil society groups also lack sufficient organizational capacity to sustain their work. Most NGOs are poorly managed, lack professionalism and communication skills, and have few experienced practitioners or trainers. Today, Macedonian society is free of excessive influence by extremist groups. In fact, there are no visibly active organizations, private militias, or vigilante groups advocating racist or xenophobic agendas or threatening the country’s transition to democracy. The Macedonian education system is free of political influence and propaganda.

Independent Media

1999	2001	2002	2003	2004	2005	2006	2007
3.75	3.75	3.75	4.00	4.25	4.25	4.25	4.25

On May 16, 2006, the Parliament adopted legislation abolishing imprisonment as a punishment for defamation and libel. The amendments to the criminal code, which introduced a system of fines, were induced by continuous domestic and international pressure. An international conference on best practices in decriminalizing defamation held in February in the capital, Skopje, which was organized by the local Association of Journalists and the Macedonian Institute for Media and supported by the OSCE, was an important stage in the advocacy process. The then minister of justice, Meri Mladenovska, opened the conference and was instrumental in drafting the changes and arguing for the need to adopt more progressive laws.

Yet the new system might be an obstacle to independent and free journalism if the fines are excessive and imposed erratically. From January to June, the local NGO All for Fair Trials identified and monitored 26 criminal cases launched against journalists for defamation and libel, a total of 58 trial hearings in front of three main courts. This NGO recommends the transfer of cases in this category to the civil arena. The publication of their final report was planned for December but was not produced owing to a lack of funding.²¹

According to the group's coordinator, Marijana Netkovska, fines are often unjustifiably high, jeopardizing the financial position and even the existence of certain media, and "the criminal code needs to clearly set the legal limitations of the penalties that can be applied in these cases."²² As this NGO explained, in 90 percent of monitored cases, the criminal proceedings are initiated by public officials. This official retaliation to media criticism has stifled the development of public monitoring mechanisms in the country.

As in previous years, the continued lack of freedom of information legislation had not only limited the media's ability to undertake investigative reporting and fully inform the public, but, by limiting the factual information available, also contributed to the tendency to prosecute journalists for defamation. Along with changes to the criminal code, Macedonia began implementing the Law on Free Access to Information in the fall of 2006. Expectations are high, but it has yet to be seen whether the new law will significantly improve the work of journalists.

The new Law on Broadcasting, enacted on November 29, 2005, provides for greater independence of the media regulatory body, the Broadcasting Council. According to the latest European Commission report on Macedonia, the law is largely in line with European media standards and the audiovisual acquis, including the Television Without Frontiers Directive. This law allows for public funding of satellite broadcasting services in the languages of the minority communities through Macedonian Radio Television, the public broadcasting organization of Macedonia. However, the issue of strengthening the mechanisms to ensure the economic independence of the media remains to be addressed.

The law allows Macedonian Public Television to broadcast commercials and compete for marketing revenues with private media. This is seen as one of the main obstacles to the financial viability of private broadcasters. On the other hand, Macedonian Public Television witnessed a turbulent period in 2006 when the company was hit by a general strike and demands by employees for payment of back wages. Only a thorough implementation of the law and regular collection of citizen fees for the Public Broadcasting Company will secure its funding and raise standards.

As elsewhere, in Macedonia the Broadcasting Council is responsible for regulating electronic media. The council grants licenses to media outlets and oversees compliance to regulations and established standards. National licenses given to broadcasters ensure they reach bigger audiences and earn more money. The struggle of private broadcasters to obtain a license to broadcast throughout the country has led electronic outlets to flirt with political parties in power. To insure impartiality, the procedure for selecting the members of the regulatory body should be depoliticized with the implementation of the new Law on Broadcasting. This would lead to a more competitive licensing system and diminish political influence in the electronic media.

The Macedonian public enjoys a diverse selection of print and electronic sources of information at both national and local levels, representing a range of political viewpoints. The distribution of privately controlled newspapers and the media's editorial independence and news-gathering functions are free of direct government interference. In the broadcast media arena, hundreds of private outlets compete making the commercial sector overcrowded.

A few television stations are considered to be politically influenced since the owners of these outlets are also presidents of political parties. A1 Television is owned by Velija Ramkovski, leader of the newly established Party for Economic Renewal, and Sitel TV is owned by Goran Ivanov, the son of Ljubisav Ivanov, president of the Socialist Party. Channel 5 is owned by Emil Stojmenov, son of Boris Stojmenov, leader of the VMRO-Vistinska party. The owner of Telma TV is Makpetrol, a large oil distribution company, while an ethnic Albanian businessman, Vebi Velija, owns the fifth station, Alsat TV. Since 2004, the country's three best-selling newspapers, *Utrinski Vesnik*, *Vest*, and *Dnevnik*, have been owned by the German media giant Westdeutsche Allgemeine Zeitung (WAZ).

In principle, Article 16 of the Constitution, adopted in 2004, guarantees freedom of speech and access to information. Macedonian journalists and media outlets are able to form their own professional associations, the Association of Journalists and the Macedonian Institute for Media being particularly active. The 2006 World Press Freedom Index by Reporters Without Borders ranked Macedonia 46th out of 168 nations, three places below its 2005 ranking but still seven places higher than the United States and even better than the EU states Poland and Romania.

In March 2006, the daily newspaper *Vreme* reported that several journalists from various media houses were working for the PR firm Fabrika without the consent of their newsrooms. According to the paper, the undercover spin doctors prepared public speeches for ruling Social Democrat ministers, as well as questions

and answers for press conferences. Although other media outlets did not widely report on the Fabrika affair, the issue was a serious breach of journalistic ethics.

Macedonian society enjoys open access to the Internet, with a diverse range of sites and viewpoints. Estimates of Internet use vary significantly but hover around 20 percent, which is remarkably low for European standards.²³ Access to all sites is unrestricted, and registration of new sites is simple.²⁴ Still, official use of the Internet could be improved. Macedonian courts, for example, are not connected to the Internet, do not have official Web sites, and do not allow citizens to search court archives digitally. Government sites are poorly updated, and the Ministry of Agriculture, Agency of Youth and Sport, and other bodies do not even maintain Web sites.

Local Democratic Governance

1999	2001	2002	2003	2004	2005	2006	2007
n/a	n/a	n/a	n/a	n/a	4.00	3.75	3.75

Since the 2001 Ohrid Framework Agreement, which ended the conflict between ethnic Albanian irregulars and the security forces through legal and political reforms, Macedonia has engaged in a thorough decentralization effort, committing itself to devolve responsibilities of the central government to local government units. The Ohrid Agreement also set out a strategic agenda concerning equal representation of different ethnic groups in public life and local self-governance.

In the decentralization process, the government has worked to correct the functional deficiencies of municipalities and enhance their capacity to create sustainable economic development through independently collected local revenues. The responsibility for collecting taxes and allocating funds to public services has been transferred to the local level. The new Law on Financing the Local Self-Government Units sets limits on the central government's authority and outlines new possibilities for the free association of municipalities.

Despite the shortcomings and complexities, Macedonia's local decentralization plan is on track. Yet the process is not perfect, and coordination between central and local governments is often poor. Although the central government announced an action against owners of illegally constructed buildings, few local governments responded to the call to demolish such structures, since this is costly and unpopular. Moreover, while the central government plans to increase the level of investment, local municipalities complain that it refuses to amend the law so that state-owned land can be given to local units. Local authorities claim they can better attract investors if they have the power to directly negotiate the sale of land in their municipality instead of waiting for the central government to approve such deals. Overall, there are problems concerning the lack of knowledge and skills needed to cope with the reform process and new responsibilities at the local level.

One of the most difficult issues is how to stimulate meaningful participation by citizens in local government decision making and the accountability of local authorities. Budget monitoring, for example, is not on the agenda of citizens' groups, and municipalities are not cooperative in allowing the supervision of budgets at the subnational level. The Macedonian budgetary process is largely unaffected by input from civil society, and budget preparation is not discussed outside the government or submitted to prior external review by NGOs or academics. Although lawmakers have envisioned a number of mechanisms for internal and external control over the financial work of local governments, there is no explicit legal provision that involves the NGO sector in budget monitoring at the subnational level. Owing to bad management, political influences, and so forth, many Macedonian municipalities have run up huge public debts, which although illegal are nevertheless tolerated by the central government.

As stated in its July 2005 Plan for Resolving Municipal Debt, the central government planned to encourage individual municipalities to negotiate individual debt relief with their creditors but would refrain from providing significant relief from the government budget. (An exception was made for expropriation debt, where the government agreed to distribute the outstanding balance from the former municipal equalization fund to municipalities on the basis of their outstanding liabilities.)²⁵ To oversee the process, the government created a working group consisting of representatives of the Ministry of Foreign Affairs, the Ministry of Local Government, the Ministry of Infrastructure, and the Association of Local Government Units (ZELS). ZELS's interests in the working group are being represented by the mayor of Kochani municipality, Ljubomir Janev. Possible debt payment scenarios have been prepared by experts of the Make Decentralization Work Project, financed by the U.S. Agency for International Development; such scenarios include "settling the municipal debts and an initiative for a law on municipal insolvency."²⁶

The Macedonian Constitution defines municipalities as the basic unit of local government and establishes general principles for the organization, function, and financing of local governments, with details to be elaborated in subsequent legislation. The 1995 Law of Local Government provides for an elected council and a directly elected mayor, who is responsible for administrative operations. Although the 1995 law identified an impressive range of local government competences, before the 2004 reforms, local units exercised few of them owing to poor statutory drafting and the central government's austerity regime.²⁷

In line with the 2001 Ohrid Agreement, the functions of local governments include the management and financing of primary and secondary education, nursing homes, orphanages, preschools, and some health care. However, there is an "explicit recognition that full responsibility for these social sector functions will be phased in over a number of years, with the local government unit first assuming responsibility for the operation and maintenance of infrastructure, and only later for personnel."²⁸ To prevent the potential mismanagement of resources at the local level, a number of stringent conditions must be met before individual local authorities can assume their new responsibilities.

Thus, the process of decentralization as envisaged by the Law on Financing the Local Self-Government Units is to evolve in two phases, the first initiated in July 2005. The second phase will begin upon the fulfillment of certain conditions. These include having adequate staff, showing solid financial management results for at least 24 months (verifiable by the Ministry of Finance), and incurring no debt exceeding ordinary terms. Those kindergartens and homes for the elderly, schools, museums and other cultural institutions, and primary health care institutions that meet these conditions will start to receive block transfers for salaries of personnel.²⁹

Municipalities are currently financed from own-revenue sources, government grants, and loans. The own-revenue sources include property, inheritance, and gift taxes, sales taxes on real estate and rights, and municipal fees. Moreover, the municipalities are now responsible for setting tax rates and municipal fees, with maximum and minimum limits specified by the Law on Property Taxes. Other local revenues include the 3 percent share of the personal income tax paid by local residents. In addition to these revenues, the Law on Financing the Local Self-Government Units envisages a number of grants for municipalities from the central budget and also allows municipalities to borrow funds in the capital markets, if approved by the Ministry of Finance.

A formula for distributing the municipal portion of the value-added tax was adopted by the government and sets aside 2 percent in a reserve to be made available to municipalities that are unable to meet their obligations. Of the remainder, Skopje was allocated 10 percent in 2006. Of this, 40 percent was assigned to the metropolitan government. The balance was assigned to the 10 constituent municipalities on the basis of population (60 percent), land area (27 percent), and number of settlements (13 percent). The remaining 90 percent was allocated to nonmetropolitan municipalities on the same proportional bases.³⁰

Macedonian citizens elect municipal officials by secret ballot in direct local elections. These are held regularly (in principle every four years) and are subject to independent monitoring and oversight. Multiple candidates participate in local elections and in local government bodies. Democratically elected local authorities exercise their powers freely and autonomously and will have the resources and capacity needed to fulfill their responsibilities with the help of anticipated reforms.

Judicial Framework and Independence

1999	2001	2002	2003	2004	2005	2006	2007
4.25	4.25	4.75	4.50	4.00	3.75	3.75	3.75

For Macedonia, improving the independence and efficiency of the judiciary remains a major challenge. In 2005, the Constitution and legal framework were amended to allow for the implementation of judiciary reforms, and these continued in 2006, including a slight increase in budgetary resources. A law was passed to found the Academy for Training of Judges and Prosecutors in February, and in November

the EU announced the launch of a 1.1 million (US\$1.5 million) project to help set up the academy, which is expected to boost the knowledge and skills of the country's judges, prosecutors, court staff, and legal associates. The project, managed by the European Agency for Reconstruction, is the second phase of an EU-funded program to create the judicial training institute.³¹ Candidates for a basic court will have to complete a training course at the new academy. Action was taken to apply legal justice to combat fraud. In the fall, the new government initiated a campaign against illegal construction projects by the "urban mafia,"³² who build without paying fees to local government units. Flats have been sold to more than one person or to nonexistent persons. The manager of the construction company Fikom, Nikola Nikolikj, was suspected of defrauding citizens in the amount of €3 million (US\$4.1 million); charges were brought against him.³³

The Law on Mediation was adopted in May with hopes that it will lower the backlog of unsolved cases. Sixty mediators were appointed, and the law entered into force in November 2006. In May, new legislation on the courts, the Judicial Council, misdemeanors, and administrative disputes was passed, although the Law on the Judicial Council was the only one to enter into force in 2006.

Once in force in 2007, the Law on the Courts will create a fourth court of appeals and special court departments in five basic courts to deal with cases of organized crime. Additionally, a new administrative court will be established as the first instance for judicial review of administrative decisions, removing the burden of hearing administrative disputes from the Supreme Court. It is expected that the Law on Misdemeanors and Law on Administrative Disputes will also help reduce the backlog of pending cases. Administrative disputes used to be solved by an ad hoc government committee. The Law on Enforcement of Civil Judgments adopted in 2005 entered into force in May 2006. Previously, new enforcement agents had to take exams and obtain licenses. It should be noted that equal representation for minority communities in the selection of judges, prosecutors, and the Judicial Council has been enshrined in the new laws.

Despite these reform efforts, inefficiency in the judiciary remained a major problem in 2006. There remained hundreds of thousands of untried cases. The courts are burdened with administrative work and also deal with a high number of misdemeanor cases and cases that were already adjudicated but require law enforcement. Out of five judgments against Macedonia by the European Court of Human Rights in 2006, four noted violations related to the length of judiciary proceedings. While in March 2005 the total number of pending cases was 730,700, in 2006 the number was 937,756.³⁴ In the Bitola Basic Court, there were 69,000 unsolved cases and only 40,000 solved in 2006. During the same time period, there were 44,000 unsolved cases in the Tetovo Basic Court and 43,649 in the Ohrid Basic Court.

The judiciary's insufficient infrastructure, inadequate equipment, and lack of resources are also serious problems. At the Kichevo Basic Court, there is no airconditioning, and work during the summer months is difficult. This court also lacks computers and courtrooms and has only five courtrooms for a total of 17 judges.³⁵ The court in Kavadarci is heavily in debt, owing 1.2 million denars

(€200,000, or US\$273,280) to the newspaper *Makedonski Poshti*. The Gostivar Basic Court has a debt of some 1.5 million denars, while the Ohrid Basic Court lacks an archive.

In October 2006, the government made an abrupt dismissal of the former public prosecutor, Aleksandar Prcevski, two years before his mandate ended. The ruling VMRO–DPMNE had demanded his replacement, citing inefficiency and unprofessional behavior. Deputies representing the ruling parties passed the motion unanimously, while those from opposition parties boycotted the vote. Under the 2005 constitutional changes, decisions to dismiss prosecutors may be taken only by a newly formed independent body, the Council of Public Prosecutors. However, the council has not been set up as of yet, owing to delays in the adoption of certain new laws. The new government sacked Prcevski using the old laws and citing alleged “unprofessional work and poor results.” Thus the legality of the dismissal is not clear. Many experts commented that his dismissal was politically motivated and did not follow due procedures.

Corruption

1999	2001	2002	2003	2004	2005	2006	2007
5.00	5.00	5.50	5.50	5.00	5.00	4.75	4.75

At the end of August 2006, Premier Nikola Gruevski made an inaugural speech in the Parliament outlining the priorities of the new government, including strengthening the fight against corruption. One of the electoral promises of his party was the establishment of a new body, the Agency for Combating Corruption and Organized Crime. This agency will be empowered to seize assets and property and even ban people linked to corruption or organized crime from pursuing political activity.

Given that few cases of corruption have actually been resolved in the 16 years since independence, it is clear that the Macedonian public has internalized and normalized official corruption. For experts and citizens alike, the perception is that corruption remains widespread, holding back economic development and weakening social cohesion. International reports and surveys indicate that corruption in Macedonia is a serious and widespread problem that affects many aspects of social, political, and economic life despite the intensification of efforts to fight it and increased awareness of its negative impact on the country. Transparency International’s Corruption Perceptions Index 2006 places Macedonia 105th in the world, better only than Albania, which ranks 111th among the southeast European countries.³⁶

Procedures for public procurement have been particularly prone to corrupt behavior. Although the new Law on Free Access to Information is now in place, it is difficult to imagine that it will curb all unnecessary spending by central and local authorities. The new government has promoted a concept of salary caps for

managers of public institutions and limited the procurement of new “luxury items” such as cars and furniture. Although cars and new office furniture are standard for many managers, many public institutions in Macedonia at both central and local levels have very old equipment or lack even that while mayors, directors, and managers invest funds into items such as expensive cars and furniture to be used only by them.

In 2006, corruption was reported in the prison system, health care, courts, education system, the committee responsible for restitution, and even the electric company.³⁷ In the health sector, every third citizen had to pay a bribe to obtain services, reported a survey by the Institute for Sociological, Political, and Legal Studies.³⁸ In the education sector, counterfeit diplomas were found from the State University in Tetovo. In prisons, inmates who could afford to bribe guards were given better conditions and access to forbidden items such as cigarettes, cell phones, and even drugs. In the judiciary, Albanian judges were deemed corrupt for not applying the law and deliberately prolonging process resolution in a number of cases such as the ones involving the companies Makedonija Tabak and Makedonka Jeans. Although a number of high-profile corruption cases were reported by the media, none was punished.

In violation of existing zoning laws, a huge condominium is being constructed on the riverfront in the Skopje city park, adjacent to the main football stadium, despite objections from the Agency for Protection of Architectural Heritage (the Skopje mayor has a majority share in the construction company).³⁹ Another widely known case of corruption in 2006 involved a sheep breeder from Tetovo region who received €727,000 (US\$993,373) from the Ministry of Defense for putative damages inflicted on his herd by army helicopters during the 2001 conflict.⁴⁰

The State Anticorruption Commission continued in 2006 to monitor the implementation of the Program for Prevention and Repression of Corruption. Misdemeanor proceedings have been initiated against 30 MPs for not submitting their asset declarations as stipulated by the Law on Prevention of Corruption.⁴¹

In 2006, the liberalization of the telecommunications market still encountered problems. Macedonia should have achieved alignment with the EU *acquis* regarding electronic communications in April 2005; “all the basic starting conditions for liberalization and harmonization had to be in place by then, such as cost accounting and/or tariff transparency, [publishing an] interconnection reference offer (interconnection completely available on nondiscriminatory conditions), carrier selection and preselection, and fixed number portability.”⁴² The opening of this market has been frustrated by a lack of commitment at the governmental level, which has led to delays in adopting liberalization measures.

In fact, by not liberalizing markets, the government has actually helped private monopolies or duopolies in important sectors, such as telecommunications, the oil and gasoline industry, and air travel. Macedonia’s market economy is further impeded by slow and cumbersome administrative procedures, shortcomings in the judiciary, and limited progress in land and property registration.

■ AUTHOR: ZHIDAS DASKALOVSKI

Zhidas Daskalovski is a senior analyst at the Center for Research and Policy Making and assistant professor at the Department of Political Science at the University of Cyril and Methodius in Skopje.

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- 1 The acronyms are given in the Macedonian language.
 - 2 "Jordanovski Otide Kurban [Jordanovski Is Gone]," *Vest*, October 21, 2006.
 - 3 Jon Elster, Claus Offe, and Ulrich K. Preuss, *Institutional Design in Post-Communist Societies: Rebuilding the Ship at Sea*, Cambridge, Cambridge University Press, 1998.
 - 4 See, for example, the UNDP report *SALW Survey—Assessing Demand for SALW in FYR Macedonia*.
 - 5 The law was passed on October 30, 2006. The opposition Democratic Union for Integration, Party for Democratic Prosperity, and Liberal Democratic Party were against the law and boycotted the vote, while the fraction of the Social Democrats supporting the new party leader, Radmila Shekjerinska, abstained from voting.
 - 6 See, for example, "Deneska Tender za Nov Mobilen Operator [Today a Tender for New Mobile Phones Operator Is Being Issued]," *Vest*, October 30, 2006; and "Startuva Trkata za Tret Mobilen [The Race for a Third Operator of Mobile Phones Begins]," Kanal 5, October 30, 2006, on the tender for a new operator for mobile telecommunications; and "Makedon-ski Telekomunikacii v Godina kje ima Konkurencija [The Macedonian Telecom Will Have Competition Next Year]," *Vreme*, November 11, 2006.
 - 7 *Dnevnik*, "Pravichnata Zastapenost e pod 20 Posto [Equitable Representation Is Lower than 20 Percent]," November 11, 2006.
 - 8 *Vreme*, "Najmalku Albanci vo Kabinetot na Crvenkovski i vo MANU [Lowest Number of Albanians in the Cabinet of Crvenkovski and MANU]," November 11, 2006.
 - 9 *Vreme*, "Pratenicite Izolirani od Gragjanite [The MPs Isolated from the Citizens]," October 24, 2006; or *Vreme*, "Sobranieto pod Zasileno Obezbeduvanje [The Parliament Under Heavy Security]," October 21, 2006.
 - 10 "Komisijata za Pristap do Informacii Pozatvorena i od Vladata [The Committee for Free Access to Information Is More Close-Minded than the Government]," *Vreme*, August 7, 2006; A1 News, "Pochnuva Primenata na Zakonot za Sloboden Pristap do Informacii [The Law on Free Access to Information Begins Implementation]," September 1, 2006.
 - 11 Kanal 5, "Mal Interes na Gragjanite za Koristenje na Zakonot za Sloboden Pristap do Informacii [Low Interest Among Citizens to Use the New Law on Free Access to Information]," September 28, 2006.
 - 12 *Vreme*, "Informacii Kje Dojdat Po Eden Mesec [The Information Will be Given in One Month]," September 2, 2006.
 - 13 *Vreme*, "Najmalku 36 Institucii bez Sluzhbenici za Pomosh na Gragjanite [At Least 36 Institutions Do Not Have Persons That Should Help the Citizens (in Providing Requested Information)]," September 28, 2006.
 - 14 "Stegi za Nevladinite [Constraints for the NGOs]," Forum Plus, November 3, 2006. The law was actually debated on February 28 and the amendments adopted on March 9, 2007. See <http://www.pravo.org.mk/download.asp?ID=2&csID=924> and <http://www.pravo.org.mk/news.asp?ID=81>.
 - 15 *Ibid.*

- 16 Communication with FOSIM officials by the author.
- 17 Harry Blair et al., *Assessment of the Macedonian Civil Society*, Arlington, USAID, 2003, p. 11.
- 18 *Vreme*, “Finansiranje na Združenija i Fondaciji od Budžetot-Koj mu Dava Pari na NVO Sektorot [Financing of Associations and Foundations from the Budget—Who Gives Money to the NGO Sector],” July 30, 2006.
- 19 *Vreme*, “Biljana Vankovska za Sluchuvanjata vo Helsinški Komitet [Biljana Vankovska on the Latest Developments in the Helsinki Committee],” November 11, 2006.
- 20 *Utrinski Vesnik*, “Marshal: Morav da i Stavam Kraj na Sapunicata vo Transparentnost [Marshall: I Had to Put an End to the Soap Opera in Transparency],” October 16, 2006; and *Utrinski Vesnik*, “Berlin i ja Odzede Akreditacijata na Transparentnost [Berlin Revoked the Accreditation of Transparency],” October 16, 2006.
- 21 Information from Trajche Pelivanov, president of the NGO All for Fair Trials.
- 22 OSCE Feature, “OSCE Mission to Skopje Supports Continuing Efforts to Liberalize Media Landscape,” August 8, 2006,
- 23 See, for example, A1 News, “Ishtvan Pap: Makedonija Mozhe da Stane Silikonska Dolina na Balkanot [Ishtvan Pap: Macedonia Could Become a Silicon Valley of the Balkans], November 4, 2006, <http://www.a1.com.mk/vesti/default.asp?VestID=69830>, or the percentages in <http://www.internetworldstats.com/eu/mk.htm>.
- 24 Each new Internet site with an .mk domain is registered with MARNET (Macedonian Academic Research Network) through a simple registration form and by paying a fee of €10 (US\$13.66). Each subsequent year, the fee is €5 (US\$6.83). MARNET is an organizational unit within the Ss. Cyril and Methodius University and is endorsed by the Ministry of Science. More information may be obtained at dns.marnet.net.mk/index.php.
- 25 In the event, the government distributed the surplus on a per capita basis, as subsequently agreed with ZELS.
- 26 ZELS Newsletter April 2006, p. 9.
- 27 Robert W. Rafuse Jr., *Why Fiscal Decentralization in Macedonia?*, USAID Local Government Reform Project, Skopje, 2001, p. 1, <http://www1.worldbank.org/wbiiep/decentralization/ecalib/macedonia.pdf>.
- 28 The wide range of municipal responsibilities is listed in the provisions of Article 22 of the Law for Local Self-Government, including urban planning and zoning arrangements; environmental and nature protection; local economic development; communal activities; cultural development, in accordance with the national program for culture; sports and recreation; social care and child protection; foundations of education institutions, financing and managing primary and secondary schools in cooperation with the central government; organization of transport and food supplement for students and housing in students’ homes; health care—managing the system of public health organizations and primary health care; undertaking measures for protection and rescue of citizens and material goods in case of destruction in war, natural disasters and other accidents; fire protection provided by local fire units; and supervision over activities that come from the municipality’s responsibilities and other matters determined by law.
- 29 Article 46 of the Law on Financing the Local Self-Government Units. It seems that a case-by-case approach is envisioned.
- 30 *Uredba za Metodologija za Raspredeba na Pribodite od Danokot na Dodadena Vrednost po Opštini za 2005 godina* (Ordinance on the Methodology for the Distribution of the Income from the Value Added Tax for 2005), passed by the government at a session held on June 30, 2005,
- 31 <http://www.ear.europa.eu/publications/main/EAR-PressRelease-formerYugoslavRepublicof-Macedonia-06112006.htm>.

- ³² See, for example, the interview with Minister for Transport and Communication Mile Janakievski for Radio Free Europe, the Macedonian edition, November 5, 2006.
- ³³ A1 News, “Nikoj Ne znae Kolku Pari se Ukradeni vo FIKOM [No One Knows How Much Money Was Stolen in FIKOM],” September 16, 2006.
- ³⁴ *Vreme*, “Ni Gragjanite ni Sudovite ne Mozhat Da Stignat do Pravdata [Neither the Citizens nor the Courts Can Get Justice],” November 11, 2006; EU Commission progress report on the Former Yugoslav Republic of Macedonia, November 8, 2006, p. 44.
- ³⁵ *Vreme*, “Ni Gragjanite ni Sudovite ne Mozhat Da Stignat do Pravdata [Neither the Citizens nor the Courts Can Get Justice],” November 11, 2006.
- ³⁶ See http://www.transparency.org/news_room/in_focus/cpi_2006/cpi_table.
- ³⁷ Kanal 5, “Korupcija vo Zatvorite [Corruption in Prisons],” September 6, 2006; Macedonian Information Agency news, “Zdravstvoto Seriozno Zagrozeno od Korupcija, Istrazhuvanje na Centarot za Gragjanski Komunikacii [The Health Care System Is Seriously Threatened by Corruption, a Research by the Center for Civic Communication]” August 31, 2006; A1 News, “Del od Shtipskite Sudii Neazhurni i Korumpirani [A Number of the Shtip Court Judges Are Bad Workers and Corrupt],” November 1, 2006; interview with Minister for Education Sulejman Rushiti for Radio Free Europe, the Macedonian edition, October 22, 2006; *Utrinski Vesnik*, “So Sebe Nosam 500 Falsifikuvani Diplomi od Tetovskiot Univerzitet [I Carry 500 Illegal Diplomas Issued by the Tetovo University],” October 16, 2006; *Dnevnik*, “Ponishteni Skandaloznite Reshenija od ‘Skopsko Bachilo’ [The Scandalous Decisions Regarding the ‘Skopje Bachilo’ Cancellor],” November 11, 2006; “Dogovorot so Feni e Shkolski Primer na Korupcija [The Contract with Feni Is a Textbook Case of a Corruption]” November 11, 2006.
- ³⁸ *Dnevnik*, “Sekoj Tret Gragjanin Dal Mito [Every Third Citizen Paid a Bribe],” July 12, 2006.
- ³⁹ See, for example, *Vest*, “Ministerot Bara Ponishtuvanje na Dozvolata za Luksuzniot Hotel vo Gradski Park [The Minister Asks for Canceling the Permit for a Luxurious Hotel in the City Park],” November 11, 2006.
- ⁴⁰ See, for example, A1 News, “Manevski i Taseva Iznenadeni od Odlukata za ‘Bachilo’ [Manevski and Taseva Surprised by the Decision Concerning ‘Bachilo’],” September 19, 2006; or *Vreme*, “Sluchajot ‘Bachilo’ Zatvoren, Dzhemaili si gi Zadrzha Parite [The Case ‘Bachilo’ Is Closed—Dzhemaili Keeps His Money],” September 19, 2006.
- ⁴¹ EU Commission progress report on the Former Yugoslav Republic of Macedonia, November 8, 2006, p. 46.
- ⁴² The Stabilization and Association Agreement stipulates that the “Former Yugoslav Republic of Macedonia shall align its legislation with the telecommunications acquis, as it was in 2001 (usually referred to as the ‘1998 acquis’), by April 1, 2005.”