

Macedonia

by Zhidas Daskalovski

Capital: Skopje
Population: 2.0 million
GNI/capita: US\$9,250

Source: The data above was provided by The World Bank, *World Bank Indicators 2010*.

Nations in Transit Ratings and Averaged Scores

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Electoral Process	3.75	4.50	3.50	3.50	3.00	3.25	3.25	3.25	3.50	3.25
Civil Society	3.75	4.00	3.75	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Independent Media	3.75	3.75	4.00	4.25	4.25	4.25	4.25	4.25	4.25	4.25
Governance*	3.75	4.25	4.50	4.00	n/a	n/a	n/a	n/a	n/a	n/a
National Democratic Governance	n/a	n/a	n/a	n/a	4.00	3.75	3.75	4.00	4.00	4.00
Local Democratic Governance	n/a	n/a	n/a	n/a	4.00	3.75	3.75	3.75	3.75	3.75
Judicial Framework and Independence	4.25	4.75	4.50	4.00	3.75	3.75	3.75	4.00	4.00	4.00
Corruption	5.00	5.50	5.50	5.00	5.00	4.75	4.75	4.50	4.25	4.00
Democracy Score	4.04	4.46	4.29	4.00	3.89	3.82	3.82	3.86	3.86	3.79

* Starting 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(s) of this report. The opinions expressed in this report are those of the author(s). 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

As with a number of countries in Eastern Europe, reforms in Macedonia over the last 15 years have been focused on two issues—state-building and setting up the legal basis for a functioning market economy. As federal Yugoslavia disintegrated, Macedonia declared independence on November 21, 1991, and today is a democratic multiparty state. During the 1990s, Macedonian political elites clashed with their ethnic Albanian counterparts over the basic concept of the state. Following a short conflict in 2001, these elites agreed in Ohrid on a legislative reform that would clarify the rights of minorities. In 2005, the country became a European Union (EU) membership candidate and also applied for NATO membership.

In 2009, Macedonia held free and fair presidential and local elections. The ruling Internal Macedonian Revolutionary Organization–Democratic Party for Macedonian National Unity (VMRO–DPMNE) party coalition decisively won both contests. Further progress was made in decentralization, judicial reform, and the fight against corruption, and international commentators deemed media freedom in Macedonia high. The effects of the global economic and financial crisis were felt only slightly in Macedonia in 2009. Implementation of the 2001 Ohrid Framework Agreement progressed smoothly and was not questioned by political forces in the country. European integration was the main driving force behind the governmental reforms. In October, the European Commission recommended opening negotiations for Macedonia’s EU membership. The EU also decided to put Macedonian holders of new biometric passports on the White Schengen list, effectively allowing Macedonians visa-free travel to the EU, except in the United Kingdom and Ireland. NATO integration of Macedonia since 2008, however, has been effectively blocked by Greece’s objections to the name of the county. The prolongation of the name issue in 2009 had negative consequences on Macedonian stability, causing a rift in the perceptions of ethnic Albanians and Macedonians on this question.

National Democratic Governance. In 2009, further progress was made in implementing the provisions of the 2001 Ohrid Agreement—particularly, implementation of the decentralization process, use of minority languages, and equitable representation. Parties vying for the vote of a specific ethnic group often distinguished themselves by resorting to radical rhetoric, for example, that one party is better able to protect vital Albanian interests than another. Thus, since late summer 2009, the Democratic Party of Albanians boycotted sessions of Parliament claiming that the government was arrogant in its neglect of ethnic Albanian interests. Despite occasional interethnic tensions during the year, conflicts were

minimal regarding implementation of the Ohrid Agreement. *Macedonia's national democratic governance rating remains at 4.00.*

Electoral Process. Macedonia has universal and equal suffrage, with regular, free, and fair elections conducted by secret ballot. The two-round presidential elections were held on March 22 and April 5, 2009. Voting passed peacefully and met most international standards for democratic elections. Gjorgje Ivanov of VMRO–DPMNE won the presidency. However, Imer Selmani, the candidate of the newly formed New Democracy party did much better than expected, gaining almost 15 percent of the vote. He is the first ethnic Albanian politician to attract support from Macedonian voters by focusing on economic issues rather than traditional appeals to ethnic Albanian nationalism. Elections in the 85 municipalities resulted in 57 mayoral posts for VMRO–DPMNE, up from 21 in 2005. The Social Democratic Union (SDSM), in opposition, lost 29 municipalities and now governs only 7. *Due to peaceful elections which met international standards, Macedonia's electoral process rating improves from 3.50 to 3.25.*

Civil Society. Macedonian civil society organizations work on significant societal, political, and economic issues. In 2009, the government adjusted its stance regarding the third sector, introducing mechanisms for consulting with civil society organizations on legislation, such as posting draft bills on ministry Web sites for public participation in working groups. A new government decision also improved selection procedures and evaluation criteria for public financing of civil society organizations. Yet government officials still rarely engaged civil society groups by inviting them to comment on and influence pending policies or legislation. The development of the activities of nongovernmental organizations is mainly hampered by a lack of resources. In 2009, civil society and student organizations protested the planned building of a church on the main square in the capital, Skopje, taking the issue to the Constitutional Court and initiating an unsuccessful petition campaign for a referendum on the topic. In March, a clash broke out between protestors and counter demonstrators, during which police were slow to react. *Macedonia's civil society rating remains at 3.25.*

Independent Media. There is a diverse selection of print and electronic sources of information in Macedonia at both the national and local level, representing a range of political viewpoints. In 2009, the collection of fees by the public service broadcasters and the Broadcasting Council remained problematic, with bills going out only once during the year. The media faced political pressures during the 2009 election campaign. A few television stations were considered to be politically influenced since the owners of these outlets were also political party heads. Journalists protested the current libel law, and many were sued for libel during the year. There was further penetration of the Internet with many new service providers operating in the country. *Macedonia's independent media rating remains at 4.25.*

Local Democratic Governance. The Law on Inter-Municipality Cooperation, which is intended to help Macedonian municipalities exercise their powers more effectively by pooling resources and services, was enacted in June. Another 6 of the country's 85 municipalities entered the second phase of fiscal decentralization. However, the administrative capacities of some municipalities and the transparency and accountability of the local administration (particularly financial controls) remained very low. In 2009, internal audit units were established in 10 additional municipalities, bringing the total to 38, but program budgeting was not introduced by the local government units. Upon demands by the Association of Local Government, the central government indicated willingness to gradually (until 2012) increase the percentage of value-added tax allocations to the municipalities from 3 to 4 percent, but refused to change the percentage allocation of personal income tax. *While decentralization processes continue, much work is still needed, thus Macedonia's local democratic governance rating remains at 3.75.*

Judicial Framework and Independence. The independence and efficiency of the judiciary have been gradually strengthened since reforms began in 2005, but these issues were still a major challenge for Macedonia in 2009. Using new procedures that provide for independent appointment, the Judicial Council appointed a total of 38 new judges as well as 4 new presidents of courts. Aiming at greater efficiency, the courts' budget was increased by 8 percent compared with 2008. In 2009, there were allegations that the government drafted blacklists of judges and politically meddled in the work of the judiciary. In April, VMRO–DPMNE questioned the legitimacy of the Constitutional Court, which had ruled against the introduction of religious education in state schools. The party called the court's decision politically motivated, claiming that the leader of the SDSM controlled the court's work. The Constitutional Court denounced these comments as insult and pressure on its work. *Macedonia's judicial framework and independence rating remains at 4.00.*

Corruption. According to Transparency International's 2009 Global Corruption Barometer, Macedonian respondents stated that the government was efficient in the fight against corruption. In 2009, the government continued with an aggressive media campaign costing €420,000 (US\$501,450) to raise awareness about the fight against corruption. The new Law on Internal Affairs was enacted in July, introducing a performance and promotion review system, and forbidding police from holding office in political parties. A number of public officials were detained in anticorruption operations in 2009, such as the "Stolb" and "Boomerang" affairs, and there were judicial decisions regarding corruption among high public officials during the year. Amendments to the Law on Financing of Political Parties were adopted in July to enhance the transparency of donations, strengthen provisions against illegal donations, tighten reporting obligations, and introduce more rigorous sanctions. In 2009, amendments to the criminal code were enacted, including new provisions on extended confiscation of crime proceeds, illicit enrichment, and

criminal liability of companies for trading influence. *Macedonia's corruption rating improves from 4.25 to 4.00.*

Outlook for 2010. The consolidation of Macedonia, a multiethnic state with a population of around two million, is under question due to increased interethnic tensions between the majority Macedonians and minority Albanians. These tensions were exacerbated by the de facto blocked Euro-Atlantic integration of the country. Additional delay of the Europeanization of Macedonia risks further antagonizing interethnic relations as Macedonian Albanians do not want to be left out of Euro-Atlantic integration processes. Nationalism could become a dominant force in a country that already experienced a warlike conflict in 2001 when government forces battled ethnic Albanian guerrillas.

MAIN REPORT

National Democratic Governance

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
n/a	n/a	n/a	n/a	4.00	3.75	3.75	4.00	4.00	4.00

Following a liberation struggle during World War II, Macedonia became a federated unit of the Socialist Federal Republic of Yugoslavia. In 1991, Yugoslavia disintegrated and Macedonia declared independence. Today, power in Macedonia is divided among the three branches of government: the Parliament (Sobranie); the executive (the government and its head, and the president of the country); and the judiciary (Supreme Court, Constitutional Court, and the public prosecutor). Articles 60–78 of the constitution outline the main competences of the unicameral Parliament. The actual organization and work procedures of the Parliament and parliamentary committees are detailed in the Parliament’s Rules of Procedure and the Law on Parliament.

Executive power is vested in the government, which initiates draft legislation, oversees the operation of state institutions, and executes laws and regulations adopted by the Parliament. Although the president has the legal duty to nominate candidates, the Parliament appoints the prime minister (referred to as president of the government), 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 Prime Minister Nikola Gruevski and includes the Internal Macedonian Revolutionary Organization–Democratic Party for Macedonian National Unity (VMRO–DPMNE), Democratic Union for Integration (DUI), Democratic Renewal of Macedonia (DOM), Party for European Future (PEI), Socialist Party (SP), and a number of smaller ethnic parties.

The Macedonian political system is semi-presidential, 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 Parliament with a simple majority. The Parliament can vote on the same law again within 30 days. If approved by a two-thirds majority, the president must sign the decree into law. Since the president is elected by universal and direct suffrage, the personality of the president has a great impact on the position’s actual power. President Gjorgje Ivanov, elected in the spring of 2009, had yet to make an impact on policy making by the end of the year, with legislative processes currently dominated by the leading ruling party.

Although Macedonia is a parliamentary democracy, in practice the government strongly dominates Parliament by introducing laws to be adopted or amendments to existing legislation. Still, there are strong mitigating factors preventing the concentration of power in cases where a political party or coalition gains control

(after elections) of both the legislature and the executive. First of all, a strong president works to balance the dominant tendency of the prime minister even if they are from the same party. Second, the political system features an informal rule of composing the government with a multiethnic coalition. Governing such a coalition requires advanced interpersonal skills and accommodation, which in turn necessitates much political maneuvering and compromise, making the concentration of power unfeasible.

Macedonia is a multiethnic state with a population of around two million. According to the 2002 census, Macedonians are 64 percent of the total population, while ethnic Albanians are the biggest minority with 25 percent. During the 1990s, political elites clashed over the basic concept of the state. 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 quickly ended through an agreement mediated by the European Union (EU) and United States.

The so-called Ohrid Agreement envisioned a series of political and constitutional reforms establishing the principle of achieving equitable and just representation in the public administration at the national and local level as the highest priority, a key reform in the public sector. In 2009, there was further progress in implementing the provisions of the agreement, in particular concerning the implementation of the decentralization process, the use of minority languages, and equitable representation. In 2009, the Law on Languages, which provides for greater use of Albanian, a non-majority language spoken by more than 20 percent of the citizens, began implementation in Parliament. There has been further progress towards implementing the strategy for equitable representation of ethnic communities in the public sector. In particular, the number of minority civil servants employed within the Ministry of Interior increased to just over 20 percent, a significant gain from 2000 when it was at 8 percent.¹ The employment of minority members is not without problems as many new employees have no clearly defined job descriptions, or even proper offices. In addition, ethnic Turkish and Roma communities are still underrepresented. Further employment of minority members is envisioned by the Secretariat for the Implementation of the Ohrid Agreement.

Interethnic relations and the politicization of ethnicity as a tool for advancement of particular interests have the greatest impact on democratic institutions and the stability of Macedonia. This dynamic encourages parties to argue that they are, for instance, better able to protect vital Albanian interests than other parties competing for the Albanian vote. Thus, since summer 2009 the Democratic Party of Albanians (DPA) boycotted sessions of Parliament, citing “government arrogance” and neglect of the “political will of Albanians.”² Interethnic relations in 2009 were also strained by two specific events, the publication of the *Macedonian Encyclopedia* by the Macedonian Academy of Sciences and Arts and a fight involving football fans in a Skopje suburb. The encyclopedia was poorly written with some articles incorrectly portraying Albanians from Macedonia. Although the *Macedonian Encyclopedia* was

eventually withdrawn from distribution to be rewritten, both events raised tensions among politicians and elites of the majority Macedonians and ethnic Albanians. At one point, Ali Ahmeti, leader of the DUI, proclaimed that the “cease-fire of 2001 has been broken.”³

In 2009, the EU put Macedonian holders of new biometric passports on the White Schengen list, effectively allowing Macedonians visa-free travel to the EU except in the United Kingdom and Ireland. Although there is support for EU and NATO accession among a strong majority of citizens, Greece’s objections to Macedonia’s name have become a major hurdle in the process, even characterized as a precondition for accession. The prolongation of the name issue has had negative consequences on Macedonian stability, causing a rift in the perceptions of ethnic Albanians and Macedonians on this question, which may increase tensions between the two communities in the future. Ethnic Albanian politicians have made strong statements demanding speedy resolution of the problem.

Electoral Process

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3.75	4.50	3.50	3.50	3.00	3.25	3.25	3.25	3.50	3.25

Macedonia has universal and equal suffrage, with regular, free, and fair elections conducted by secret ballot. 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 lack of financial transparency in the functioning of political parties, particularly election campaigns, remained a serious issue in 2009. Members of Parliament (MPs) are elected for four-year terms in six multimember electoral districts. Each district has about 290,000 voters and elects 20 MPs by proportional representation. Citizens vote for a closed electoral list, and seats are distributed on a proportional basis, according to the D’Hondt formula. According to the Electoral Law, women must compose at least one third of candidates on each list. In 2009, there were 39 women MPs, representing 33 percent of the total Parliament. The number of citizens participating in elections is decreasing; although turnout at the first parliamentary elections after independence in 1990 was extremely high at 85 percent, it had dropped to 57 percent in the last elections. Citizens have low trust in political parties, which are perceived as bastions of corruption and nepotism.

The last parliamentary elections were held on June 1, 2008, and the electoral coalition led by VMRO–DPMNE won 48.8 percent of the votes and 63 of the 120 seats, against the Social Democratic Union (SDSM)-led coalition, which garnered only 23.7 percent of votes and 27 seats. DUI won 18 seats, DPA 11, and only 1 seat for PEI. Several smaller parties secured one or more seats as part of the coalitions led by VMRO-DPMNE or SDSM.

The constitution was amended in January to lower the threshold for voter turnout in the second round of presidential elections from 50 to 40 percent. The

two-round presidential elections were held on March 22 and April 5. Voting passed peacefully, and the Organization for Security and Cooperation (OSCE) Office for Democratic Institutions and Human Rights (ODIHR) and Council of Europe observation missions concluded that the elections “met most OSCE commitments and other international standards for democratic elections.” Yet few instances of pressure on “or intimidation of citizens, particularly public servants, throughout the election period [to vote for the ruling party] detracted from the overall quality of the election process.”⁴

There were seven presidential candidates in the first round; the two main contenders were professors Gjorgje Ivanov and Ljubomir Frckoski, the first nominated by VMRO–DPMNE and the second by the opposition SDSM. Voter turnout in the first round stood at almost 57 percent, and Ivanov and Frckoski made it to the second round. Imer Selmani, leader of the newly formed New Democracy (ND) party, did much better than expected, gaining almost 15 percent of the vote to put him well ahead of the two other ethnic Albanian candidates. Selmani was the first ethnic Albanian politician to attract support from Macedonian voters by focusing on economic issues rather than traditional appeals to ethnic Albanian nationalism.

Ivanov won the presidential contest, achieving the required 40 percent turnout by a slim margin of 3 percentage points. In the second round, Ivanov won just over 63 percent of votes, while Frckoski won nearly 37 percent. A low turnout for the presidential poll was reportedly evident in ethnic Albanian-populated areas.

In the local elections of 2009, out of a total of 85 municipalities, VMRO–DPMNE won 57 mayoral posts, up from 21 in 2005. SDSM, in opposition, lost 29 municipalities and now governs only 7. The two main ethnic Albanian-dominated municipalities (Tetovo and Gostivar) were won by DPA and an independent candidate, Rufe Osmani, respectively. Among other municipalities where ethnic Albanians are the majority, Arachinovo was won by ND and the rest were won by DUI. Two independent candidates won, but none of the 13 women who ran for mayor were elected. Five candidates from the smaller communities, such as Roma, Serbs, Turks, Macedonian Muslims, and Bosniaks, were also elected.

Civil Society

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3.75	4.00	3.75	3.25	3.25	3.25	3.25	3.25	3.25	3.25

In principle, the legal framework for civil society in Macedonia is free of excessive state pressures and bureaucracy. The civic sector is regulated by the constitution, the Law for Citizens Associations and Foundations (adopted in 1998 and amended in 2007), and other bylaws and regulations.

In the last 19 years, the number and scope of nongovernmental organizations (NGOs) operating in Macedonia have risen dramatically. Many NGOs address

significant societal, political, and economic issues. A number of civic organizations represent the interests of women, physically impaired persons, and sexual and ethnic minorities. These organizations receive most of the attention and funding of local and international donors. The development of NGO activities is mainly hampered by a lack of resources. In 2009, EU financial support was provided to civil society through different national and regional horizontal programs of the Instrument for Pre-Accession Assistance (IPA) under the Civil Society Facility. Yet few Macedonian NGOs are capable of competing for EU-tendered funds for civil society organizations, as the application process is demanding and requires technical skills and resources.

Organizations such as the Foundation Open Society Institute Macedonia (FOSIM) and the Macedonian Center for International Cooperation (MCMS) dominate the sector, often regranteeing portions of their EU project funding to other groups. To a certain extent this complicates fundraising for local NGOs that do not have good relations with these larger organizations. Since FOSIM and MCMS work in at least five different programmatic areas, in many cases “the position of the donor organization related to a specific issue by definition must be supported by the grantees in order to keep good relations with the donor.”⁵ The political involvement of the executive director of FOSIM, Vladimir Milchin—either as a member of the executive board of SDSM in the past or as a leader of the FOSIM-sponsored, Citizens for European Macedonia association, which is highly critical of the current government—is problematic as it raises further questions about objective standards in FOSIM’s grantmaking activities.

In 2009, civil society organizations actively protested the planned building of a church on the main square in the capital city, Skopje. Protestors included the primarily ethnic Albanian NGO, Wake Up, and a number of students from the Faculty for Architecture organized in the NGO, Square Freedom. While Wake Up took the plan to build the church to the Constitutional Court for review, Square Freedom faced many bureaucratic hurdles and was unsuccessfully collecting signatures to hold a referendum in Centar municipality to gauge citizen opinion on the project. During a Square Freedom youth rally, a counter rally was organized by various conservative and religious organizations. The dispute reached a peak in late March when demonstrators for and against the church construction clashed, causing minor injuries among the participants. The reaction of the police to the unrest was slow and inefficient.

Macedonian civil society, in general, has yet to attain the critical mass needed to become an influential actor at either the national or local level. Local NGOs rely on funding per project, rather than having access to core funding in key sectors. The Law on Sponsorship and Donations, which provides tax incentives to local or foreign entities for civic sector support, has not helped alleviate the situation because of the complex administrative requirements and lack of public awareness of the law among civil society organizations. Likewise, claiming tax deductions for donations in Macedonia remains complicated and confusing. Local philanthropy and volunteerism are almost nonexistent, while the participation of religious groups in charitable activities is minimal.

In 2009, the media continued to report on the activities of Macedonian NGOs, informing the public about projects completed by civil society organizations as well as press conferences or other events organized by local NGOs. The think tank scene continued to grow during the year, with new players vying for public attention. Additionally, the government adjusted its stance regarding the third sector by introducing mechanisms for consulting with civil society organizations, announcing that draft legislation “should be accessible on the relevant ministry’s webpage for public consultation and that civil society can participate in working groups for drafting laws.”⁶ A new government decision also improved selection procedures and evaluation criteria for public financing of civil society organizations. An office for contact between NGOs and Parliament was also created, though whether this will improve and increase relations between the government and the civic sector has yet to be seen.

Independent Media

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
3.75	3.75	4.00	4.25	4.25	4.25	4.25	4.25	4.25	4.25

In Macedonia, there is a diverse selection of print and electronic sources of information at both the national and local level, representing a range of political viewpoints. In its 2009 World Press Freedom Index, Reporters Without Borders ranked Macedonia 34, 8 places above its ranking in 2008. In principle, freedom of speech and access to information are guaranteed by Article 16 of the constitution. The Broadcasting Law and other laws meet most international standards. Macedonian journalists and media outlets are able to form their own viable professional associations, the Association of Macedonian Journalists and the Macedonian Institute for Media being particularly active.

However, in practice, the Broadcasting Council and Macedonian Television and Radio, the public broadcaster, lack sufficient resources and financial independence because of the failure of the fee collection system. In 2009, collection of fees by the public service broadcaster and the Broadcasting Council remained a problem, as citizens and firms were delivered bills only once during the year. During the electoral campaign, some media did not provide “equal access to all political parties, and extensive coverage of government projects during the campaign period amplified the advantage of the incumbent parties.”⁷ According to data from the State Audit Office, media were the biggest party donors during the electoral campaign, agreeing to discounted rates for political party advertisements. Political pressure on the media before the 2009 elections and during the campaign was a significant issue as far as free and fair elections are concerned.

In 2009, as in previous years, a few television stations were considered politically influenced since the owners of these outlets are also presidents of political parties. For instance, A1 Television is owned by Velija Ramkovski, a leader of the newly

established Party for Economic Renewal, and Sitel TV is owned by Goran Ivanov, 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 the family of an ethnic Albanian businessman, Vebi Velija, owns the country's fifth station, Alsat TV. Since 2004, Macedonia's three best-selling newspapers, *Utrinski Vesnik*, *Vest*, and *Dnevnik*, are in the hands of the German media giant WAZ. Business tycoon Velija Ramkovski is believed to be owner of the newspapers *Vreme* and *Shpic*.

Journalists protested against political and business pressures on their work in 2009 as well as the current libel law, which was the basis for numerous suits against journalists during the year. About 160 libel cases against journalists were processed in 2008 and 2009, involving incidents where opinion pieces were misunderstood or claims about politicians or public figures were unsupported by evidence. Among the most publicized cases were those against the chief editor of *Vecher*, Dragan Pavlovikj-Latas, and his deputy, Ivona Talevska. Following numerous objections by journalists, changes to the libel law were considered by the Ministry of Justice. In November, the editor of the weekly tabloid *Krema*, Zoran Vasilevski, was beaten by unknown assailants.

There was a significant increase in Internet penetration in Macedonia in 2009, with many new service providers operating in the country. The Macedonian public enjoys open access to the Internet, with a diverse range of Web sites and viewpoints, although overall use is low compared to European averages. The latest estimates reveal that 54 percent, of Macedonian citizens use the Internet.⁸ Access to all Web sites is unrestricted, and registration of new sites is a simple process.

Local Democratic Governance

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
n/a	n/a	n/a	n/a	4.00	3.75	3.75	3.75	3.75	3.75

Article 8 of Macedonia's constitution defines municipalities as the basic unit of local government and establishes general principles for the organization, function, and financing of local governments. The main laws regulating local government are the Law of Local Self-Government, stipulating the chief aspects of local government; the Law on Territorial Organization of Local Self-Government; the Law on Local Financing of Self-Government Units, regulating the financing of municipalities through their own revenue sources and fiscal decentralization implemented in phases; and the Law on the City of Skopje, defined as a separate unit of local self-government.

Macedonia has two tiers of governance, with no intermediate level between municipalities and the central government. The Association of Municipalities (ZELS) serves as a link between the central authorities and the municipalities. Municipalities are financed from own-revenue sources, government grants, and loans. The Law on Inter-Municipality Cooperation, which is intended to help

municipalities exercise their powers more effectively by pooling resources and services, was enacted in June. Moreover, another 6 of Macedonia's 85 municipalities entered the second phase of fiscal decentralization, bringing the total to 68 as of October.

The remaining municipalities that have not entered the second phase have a long-standing problem with indebtedness, which affects the reform process overall. In fact, the accounts of 22 municipalities have been blocked by legal proceedings related to arrears.⁹ An EU-funded project was implemented by the Ministry of Finance to assist municipalities with public-finance management, especially those municipalities that have not met the financial criteria for entering the second phase of fiscal decentralization. Skopje Public Enterprises, for example, carries a public debt of some €12 million (US\$14.3 million).¹⁰ The administrative capacities of some municipalities, as well as the transparency and accountability of local administration, remained very low in Macedonia in 2009. During the year, internal audit units were established in 10 additional municipalities, bringing the total to 38, but no program budgeting was introduced by the local government units.

In 2009, ZELS demanded from the government that the 3 percent of value-added tax (VAT) allocated to municipalities be raised to 6 percent, while the personal income tax allocated to municipalities be raised from 3 to 30 percent.¹¹ The government indicated willingness to gradually, until 2012, increase the percentage of VAT allocations to the municipalities from 3 to 4 percent but refused to change the percentage allocation of personal income tax.¹² Upon demands by ZELS, the government agreed to change the Law on Minerals regarding the distribution of profits from concessionary usage of mines so that 78 percent are allocated to municipalities. More importantly, the government agreed to transfer oversight of land to be used for construction of buildings, factories, and so on, from the central to the local authorities, and is considering legal options for how to do this.

Judicial Framework and Independence

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
4.25	4.75	4.50	4.00	3.75	3.75	3.75	4.00	4.00	4.00

The independence and efficiency of Macedonia's justice system have gradually strengthened since judicial reforms were initiated in 2005, but these issues were still a major challenge in 2009. According to a United States Agency for International Development survey conducted in April, confidence in the judiciary was at a high 78 percent.¹³ Using new procedures that provide for independent appointment, the Judicial Council appointed a total of 38 new judges as well as 4 new presidents of court, while the Council of Public Prosecutors assumed full responsibility for appointing 21 new public prosecutors and extended expired mandates for over 159 prosecutors elected in 2003 for 6-year terms.¹⁴ In 2009, the Judicial Council began reviewing the work of all judges in the country (total of 662), starting with those

from the Bitola region. An overwhelming 92 percent of judges were evaluated with positive marks (44 percent very good, 27 percent good, and 22 percent satisfactory).

Aiming to achieve greater efficiency, the courts' budget was increased by 8 percent compared with 2008. Yet, the Skopje Basic Court, with the largest number of cases, along with the four Appeals Courts and the Administrative Court were unable to reduce their backlog of cases. In 2009, there were allegations that the government had drafted blacklists of judges and politically meddled in the work of the judiciary.¹⁵ For example, in one of its sessions, the government discussed the work of the Judicial Council, positively evaluating its work in 2008. The Macedonian office of the Helsinki Committee for Human Rights noted that according to the Law on the Judicial Council, the Parliament is the only institution with authority to discuss and evaluate the work of the Judicial Council. One issue involving nepotism was noted in May, wherein Filimena Manevska, wife of the minister of justice and a judge on the Court of Appeals, continued to work and receive a wage although by law she was due to retire in April—an unprecedented practice in Macedonia.

In April, VMRO–DPMNE questioned the legitimacy of the Constitutional Court, which had ruled against the introduction of religious education into state schools. The party described the decision of the court as politically motivated, claiming that the leader of the SDSM controls the court's work. The President of the Parliament, Trajko Veljanovski, a member of VMRO–DPMNE, commented that the decisions of the Constitutional Court are final and that Parliament will respect them.¹⁶ The Constitutional Court responded that Veljanovski simply sought to discredit and apply pressure to the court. The Skopje Public Prosecutor, Sterjo Zikov, claimed that his dismissal was a political decision. Similar complaints were voiced by two other prosecutors, Dragan Gadzhov and Mitko Mitrevski, who were not reappointed.¹⁷

Corruption

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
5.00	5.50	5.50	5.00	5.00	4.75	4.75	4.50	4.25	4.00

The fight against corruption is a priority of the Macedonian government and a highly important condition for the country's growth and development in line with European standards. According to Transparency International's 2009 Global Corruption Barometer, the Macedonian citizens who responded to the survey stated that the government is efficient in the fight against corruption. Among the country's various institutions, the judiciary is considered the most corrupt. Parliamentarians were perceived as extremely corrupt, while the public administration, according to 41 percent of respondents, was rated as very corrupt.

Efforts to tackle corruption in Macedonia continued in 2009 with an aggressive media awareness campaign launched by the government at a cost of €420,000 (US\$501,450). The new Law on Internal Affairs was enacted in July introducing

a performance and promotion review system and forbidding police from holding office in political parties. This law clarifies the responsibilities of the Administration for Security and Counterintelligence of the Ministry of the Interior and the Bureau for Public Security in the fight against organized crime. It also enhances the accountability of the intelligence agencies to Parliament.

In 2009, government efforts to tackle corruption in the highway toll system produced no results, as judicial proceedings in the “Zmisko Oko (Snake Eyes)” affair, where a dozen toll collectors were charged with embezzling public funds, ended unsuccessfully on insufficient evidence, and the process was referred back to the court of first instance. Additionally, in what has come to be known as the Stolb operation, six people working in the Pension Fund were charged with taking bribes and “damaging the budget” in the amount of €200,000 (US\$238,500).¹⁸ In November, the director of the Health Fund was detained and charged with embezzling €450,000 (US\$536,800), while 64 police and customs officials at the border crossings to Serbia, Kosovo, and Albania were also detained and charged for bribe-taking.¹⁹

Group arrests and detentions were practiced in the fight against corruption. In operation Boomerang, 55 police and 5 customs officers were detained at the border crossings of Tabanovce and Kafasan. All charges were related to corrupt behavior and bribes taken from travelers at the border crossings.

There were judicial decisions regarding corruption among high public officials in 2009. The former minister of defense, Vlado Buchkovski, was sentenced to three-and-a-half years in prison in the “Spare tank parts” case. Vasil Tupurkovski, deputy prime minister in the coalition government of VMRO–DPMNE, Democratic Party of Albanians, and Democratic Alternative in the period 1998–2002, was sentenced to three years in prison for involvement in the “Taiwanese credits” affair and was ordered to repay the state €2.5 million (US\$2.9 million).²⁰ Yet both decisions were overturned by the Court of Appeals.

The State Anticorruption Commission continued its work in 2009 with little public trust in its independence and impartiality, the perception being that its members are somehow supporting the government coalition. In 2009, there were other controversial business transactions and public purchases, including the procurement of statues and monuments valued at millions of dollars to be placed on the main square of Skopje; the affair of the Swedish dairy “SwedMilk;” as well as the agreement of Macedonian Radio Television to purchase the rights to the show *The People’s Voice* in compensation for advertising time on the same show. Also in 2009, proceedings related to the million-dollar “IzgreV” (Sunrise) affair started. In this court case, dignitaries from the Macedonian Orthodox Church and a number of judges, notaries, businessman, and lawyers have been accused of money laundering and fraud.

In a positive development, amendments to the Law on Financing of Political Parties were adopted in July that enhance the transparency of donations, strengthen provisions against illegal donations, tighten reporting obligations, and introduce

more rigorous sanctions. Also in 2009, amendments to the criminal code were enacted, including new provisions on extended confiscation of crime proceeds, illicit enrichment, and criminal liability of companies for trading influence. However, the Macedonian criminal code only covers corrupt behavior of state and public institutions.

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