

Macedonia

by Zhidas Daskalovski

Capital: Skopje
Population: 2.0 million
GNI/capita: US\$9,050

The data above was provided by The World Bank, *World Bank Indicators 2009*.

Nations in Transit Ratings and Averaged Scores

	1999-2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Electoral Process	3.50	3.75	4.50	3.50	3.50	3.00	3.25	3.25	3.25	3.50
Civil Society	3.50	3.75	4.00	3.75	3.25	3.25	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	4.25	4.25
Governance*	3.00	3.75	4.25	4.50	4.00	n/a	n/a	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	4.00	4.00
Local Democratic Governance	n/a	n/a	n/a	n/a	n/a	4.00	3.75	3.75	3.75	3.75
Judicial Framework and Independence	4.25	4.25	4.75	4.50	4.00	3.75	3.75	3.75	4.00	4.00
Corruption	5.00	5.00	5.50	5.50	5.00	5.00	4.75	4.75	4.50	4.25
Democracy Score	3.83	4.04	4.46	4.29	4.00	3.89	3.82	3.82	3.86	3.86

* 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 other countries in Eastern Europe, reforms in Macedonia in 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 idea behind the 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 applied for NATO membership as well.

National Democratic Governance. Although Macedonian society is still split along ethnic lines, conflicts have been subdued through the implementation of the Ohrid Agreement. In 2008, there was further progress in increasing the representation of minorities in public sector employment; the number of ethnic Albanian civil servants increased by 3.75 percent between January 2007 and January 2008. Six of the fifteen members of the Judicial Council, and one of the six elected members of the Council of Public Prosecutors belong to minority communities. Also in 2008, the government department for implementation of the Ohrid Agreement was upgraded to a secretariat. In August, a law was adopted to clarify and extend the use of minority languages at all levels of state and local government. Meanwhile, Macedonia's integration into NATO was blocked during the year owing to Greek objections to the country's official name. This could have polarizing effects on interethnic relations. *Macedonia's rating for national democratic governance remains at 4.00.*

Electoral Process. Macedonia has universal and equal suffrage, with regular, free, and fair elections conducted by secret ballot. The multiparty electoral system is free of major barriers to political organization and registration. Since independence, power has rotated among different coalitions representing competing interests and policy options. Following the country's failure to win an invitation to join NATO at an April 2008 summit, early elections were called for June 1. Monitors from the Organization for Security and Cooperation in Europe reported that key international standards were not met. The campaign was marred by attacks on campaign offices, physical fights, and shootings. On election day, organized violence, intimidation, and stuffing of ballot boxes were reported in some predominantly ethnic Albanian areas. One person was killed, and several others injured. Also in 2008, the threshold for electing the president was lowered from 50 to 40 percent, limiting presidential

candidates' need to win support from citizens of various ethnic backgrounds. There was no public discussion about this policy change. *As a result, Macedonia's electoral process rating worsens from 3.25 to 3.50.*

Civil Society. Since independence, the number and scope of nongovernmental organizations (NGOs) in Macedonia have increased dramatically. In 2008, the active involvement of NGOs in public policy making and reforms continued to grow, and the members of a think tank network established in 2006 continued to provide high-quality reports and trainings. Although the government respects the right to form and join civil society organizations (including free trade unions) officials are not receptive to advocacy and rarely invite civil society groups to comment on or influence pending legislation. The development of NGO activities is hampered mainly by a lack of resources. Private international donors are increasingly withdrawing from the Western Balkans region, leaving many NGOs in peril. *Macedonia's rating for civil society holds steady at 3.25.*

Independent Media. There is a diverse selection of print and electronic news sources representing a range of political viewpoints. Funding and political influence remained problematic in 2008, as many local public radio stations and magazines were closed owing to lack of funding. Yet quite a few national television channels started broadcasting during the year. A few television stations are owned by political party leadership. Ownership of the leading print media remains highly concentrated. During the June parliamentary elections, the media did not treat all political parties equally; the public television broadcaster showed bias in favor of government parties. There were few instances of violence against journalists in 2008. However, many faced libel suits, including one filed by the prime minister. Despite the 2006 Law on Free Access to Information, gaining access to information was problematic for journalists and concerned citizens alike. The Broadcasting Council and Macedonian Television and Radio, the public broadcaster, lack financial independence because of the failure of the fee collection system. In addition, the terms of three members of the Broadcasting Council expired before the elections and they were not immediately replaced. Internet penetration grew during 2008. *Macedonia's rating for independent media remains at 4.25.*

Local Democratic Governance. Since 2001, Macedonia has engaged in a thorough decentralization effort, devolving responsibilities of the central government to local government units. In accordance with the Law on Regional Development, which took effect in January 2008, regional development councils were set up for all 8 regions. The debts of the municipalities were further reduced during the year. Moreover, another 17 of the 85 municipalities entered the second phase of the fiscal decentralization process, bringing the total to 59 as of June 2008. Internal audit units were established in 8 more municipalities, reaching a total of 28. Progress was also made in the decentralization of the police, with the appointment of 8 regional commanders, and the selection, in consultation with municipal councils, of all 38

station commanders. *Macedonia's rating for local democratic governance holds steady at 3.75.*

Judicial Framework and Independence. Improving the independence and efficiency of the judiciary remained a major challenge in 2008. The Judicial Council assumed full responsibility for hiring judges, recruiting the president of the Supreme Court and some 115 others. Appointments to the Council of Public Prosecutors were completed by the Parliament in July. Also in 2008, the new administrative court and the court of appeals in Gostivar were set up and began processing cases. The Law on Courts was amended to provide for only one (instead of five) specialized court departments to deal with organized crime and corruption. The judiciary continued to suffer from a significant number of vacancies and unresolved cases. *Although reforms picked up pace in 2008, they were offset in part by libel cases against journalists, leaving Macedonia's rating for judicial framework and independence unchanged at 4.00.*

Corruption. The government of Prime Minister Nikola Gruevski has claimed that fighting corruption is one of its priorities. In 2008, the criminal procedure code and the Law on Monitoring of Communications were amended to allow use of special investigative measures in corruption cases, and law enforcement agencies demonstrated a determination to coordinate their activities. There were convictions in some high-profile cases, including those of the former central bank governor and the former director of the Public Revenue Office. In another case, a dozen highway toll collectors were charged with embezzlement. *Due to measures taken in 2008 in the fight against corruption, and convictions of public officials, Macedonia's rating for corruption improves from 4.50 to 4.25.*

Outlook for 2009. In 2009, Macedonia will face tensions within the ruling coalition; the ethnic Albanian coalition partner will be under pressure to leave the government. Developments in Kosovo, which declared independence in 2008, could negatively affect interethnic relations in Macedonia. The government will also be under pressure to continue economic reforms and achieve stronger growth levels. Remittances will decline in 2009, and many export-oriented companies will face declining demand abroad. A date for the start of EU accession negotiations and NATO membership would support domestic reformers and stabilize Macedonia's democracy. The conduct of presidential and local elections, scheduled for the spring of 2009, will be crucial for European perceptions of the country. A decision by the EU on a full visa liberalization is also expected in 2009.

MAIN REPORT

National Democratic Governance

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
n/a	n/a	n/a	n/a	n/a	4.00	3.75	3.75	4.00	4.00

Members of the 120-seat Parliament, or *Sobranie* (Assembly), are elected by proportional representation in six electoral districts for four-year terms. Between 30 and 70 percent of the candidates on each party list must be women. The Parliament elected in June 2008 enacted 172 laws by August 4, all by emergency procedure, largely because of a series of boycotts by opposition parties. The emergency procedure is intended for exceptional circumstances such as major natural disasters or security threats, and the quality of the newly promulgated laws is doubtful, since parliamentary debates and consultations with civil society were entirely lacking.

By law, Macedonian citizens and the media have access to legislators and the legislative process, but citizens' involvement in political life is rather low. Nongovernmental organizations (NGOs) and concerned citizens have not been engaged in budget oversight, and local governance is rarely scrutinized. And, the media raises issues of general interest not typically taken up by NGOs and citizens' groups.

Over the last 15 years, governments have been formed by party coalitions, usually including a major ethnic Macedonian party and an ethnic Albanian party. The current government is led by Prime Minister Nikola Gruevski and includes his Internal Macedonian Revolutionary Organization–Democratic Party for Macedonian National Unity (VMRO-DPMNE), the Democratic Union for Integration (DUI), the Democratic Renewal of Macedonia (DOM), the Party for a European Future (PEF), the Socialist Party (SP), and a number of smaller ethnic parties.

The political system is semipresidential, akin to the French model. By law, the president represents Macedonia at home and abroad and is commander in chief of the armed forces. The president may veto legislation adopted by the Parliament, but this can be overridden with a two-thirds majority vote. The president is directly elected for up to two five-year terms. Despite his limited powers, the president can wield significant influence depending on the force of his personality, particularly in foreign affairs.

The government dominates the legislature in practice by introducing laws to be adopted or amended. Still, a number of factors prevent the concentration of power in cases where a political party or coalition gains control of both the legislature and the executive. First, the figure of the president works to balance the authority of the prime minister even if they are from the same party, and especially if they are not, as was the case in 2008. Second, an informal rule requires the government to be composed of a multiethnic coalition, which entails accommodation and

compromise, making the concentration of power unfeasible. Relations between the government and the president varied in 2008. Although they met regularly to discuss Greece's resistance to Macedonia's NATO membership bid, they often did not have a joint stance on foreign policy. The president also argued against the government's decision to dissolve Parliament and hold early elections in June.

During the 1990s, Macedonian political elites clashed with their ethnic Albanian counterparts over various elements in the Constitution, the census, education, local self-government, public display of national minority symbols, and the ethnic makeup of the security forces and civil service. Interethnic tensions escalated into an armed conflict when ethnic Albanian militants attacked security forces in 2001. The conflict lasted for six months but caused relatively few casualties. In the Ohrid Agreement, representatives of the two sides agreed on reforms that would accommodate the grievances of the Albanian community while preserving the unitary character of the state. In 2008, the government department for implementation of the Ohrid Agreement was upgraded to a secretariat.

While there is occasional friction, all influential political actors accept the democratic institutions in principle and regard them as legitimate. Macedonian society is still split along ethnic lines, but conflicts have been subdued with the implementation of the Ohrid Agreement. Multiethnicity, moderation, and tolerance are widely understood as important characteristics of Macedonian politics. There are no visibly active extremist groups advocating racist or xenophobic agendas or threatening political and social stability. Kosovo's February 2008 declaration of independence did not negatively influence the stability of Macedonia, which recognized its new neighbor despite objections by Belgrade. Relations with Serbia have remained strong, especially in the economic domain.

In 2008 further progress was made on ensuring equitable minority representation in the public sector. The available data show that the number of ethnic Albanian civil servants increased by 3.75 percent between January 2007 and January 2008.¹ In the Ministries of Education, Economy, Health Care, Defense, and Local Government, the percentage of ethnic Albanian employees corresponds to the portion of this group in the general population. Six of the fifteen members of the Judicial Council and one of the six elected members of the Council of Public Prosecutors belong to minority communities.

A law adopted in August 2008 clarified and extended the scope for the official use of minority languages spoken by at least 20 percent of citizens at all levels of state and local government. The law notably provides for the use of minority languages in Parliament by members and committee chairpersons, although the Speaker and deputy Speaker will continue to use the single state language, Macedonian. The law extends the use of minority languages to the local offices of state organs but stipulates that they may not be used in the police and the army. The 20 percent threshold effectively means that national-level provisions apply only to the Albanian language. The High Commissioner for National Minorities at the Organization for Security and Cooperation in Europe (OSCE) has assessed that the law provides a clear and coherent legal framework and meets international standards.

Among other laws enacted in 2008, new legislation identified planned statutes that would have to pass by a “double majority,” meaning a majority of the Albanian minority would also have to approve. Another new law provides for the creation of a specialized agency for the advancement and protection of the rights of the smaller ethnic communities. Committees for relations among ethnic groups have been set up in 19 out of 20 municipalities, where they are required by law, as well as in municipalities with sizable minority populations that fall short of the legal threshold of 20 percent.

All of Macedonia’s political parties share the view that the country should join the European Union (EU) and NATO, but the process has often been slowed down by partisan bickering over European laws and regulations. In 2008, the EU did not grant Macedonia a date for the beginning of membership negotiations owing to the slow pace of reform and the year’s election irregularities. Tensions between the largest ethnic Albanian party, DUI, and the rival Democratic Party of Albanians (DPA) were a significant constraint on progress in this regard. Working on EU integration in March, the government adopted a well-prepared action plan for the fulfillment of the key accession priorities. Also during the year, a Council for EU Integration was established, chaired by the leader of the opposition and including representatives from the main political parties in the Parliament and all sectors of civil society.

Greece’s resistance to Macedonia’s NATO membership bid stems from its long-standing objections to Macedonia’s name, which it claims as part of its own exclusive cultural and historical heritage. Greece also argues that the name implies territorial irredentism on the part of Macedonia’s capital, Skopje. Macedonia has renounced any claims on Greek territory, but it regards its name as a core part of its national identity. The view from Skopje is that Macedonians have a right to self-determination and that ancient Macedonian history is as much the heritage of the Republic of Macedonia as it is of the Republic of Greece. Macedonia was admitted to the United Nations in 1993 on the condition that it would be “provisionally referred to for all purposes within the United Nations as ‘the former Yugoslav Republic of Macedonia’ pending settlement of the difference that has arisen over the name of the State.” Although the rule applied to internal UN usage, other international institutions have continued to refer to Macedonia as a “former Yugoslav republic.” There have been extensive negotiations aimed at reaching a compromise solution, but they have not been successful to date. At a NATO summit in April 2008, Greece vetoed an invitation to Macedonia to join the alliance, helping to trigger the early Macedonian elections.

The prolongation of the name dispute has exposed a potentially destabilizing rift in opinion between ethnic Albanians and ethnic Macedonians. Albanians do not attach much importance to the internationally recognized name of the country and increasingly favored a change following the NATO summit, while a vast but apparently somewhat reduced majority of ethnic Macedonians continued to reject the notion of a name change to secure NATO or EU accession. Meanwhile, Macedonia has asked the International Court of Justice to rule on whether

Greece had violated the terms of a 1995 interim agreement stipulating that Athens would not block Macedonia's admission to international organizations if applied under the temporary term "the former Yugoslav Republic of Macedonia" used within the UN.

Electoral Process

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
3.50	3.75	4.50	3.50	3.50	3.00	3.25	3.25	3.25	3.50

Macedonia has universal and equal suffrage, with regular, free, and fair elections conducted by secret ballot. Moreover, the multiparty electoral system is free of significant barriers to political organization and registration, and minority groups have sufficient opportunities to participate in the political process. Power has rotated among different party coalitions representing competing interests and policy options. The field of political contenders is generally free from domination by the military, foreign powers, totalitarian parties, regional hierarchies, or economic oligarchies. However, the lack of financial transparency with respect to political parties and election campaigns remains a serious concern.

Following the country's failure to win an invitation to join NATO at an alliance summit, the Parliament voted to dissolve itself on April 12, 2008. The move was proposed by the DUI and supported by the ruling coalition, led by VMRO-DPMNE and the DPA; the opposition Social Democratic Union of Macedonia (SDSM) and Liberal Democratic Party (LDP) boycotted the vote, meaning 70 of 120 lawmakers voted in favor and the remainder was absent. The resulting elections were held on June 1, and the OSCE Office for Democratic Institutions and Human Rights (ODIHR) election observation mission reported that key international standards were not met. The campaign was marred by attacks on campaign offices, physical fights, and shootings. According to reports by the State Broadcasting Council, there were problems with equal access to various media, and several government communication campaigns continued or were launched during the official election period.

Violence, intimidation, and ballot box stuffing were reported on election day in some predominantly ethnic Albanian areas. One person was killed and several others were injured in shootings of DUI and DPA party supporters. The government launched investigations into the violence and irregularities, resulting in prison sentences for at least 15 people by November. Other cases concerning 143 suspects were pending. In addition, at least 28 police officers were suspended, and 11 faced criminal charges.²

The State Electoral Committee annulled the results in 197 polling stations, accounting for 10 percent of registered voters, and dismissed 6 chairpersons of municipal electoral boards. Reruns were organized on June 15 with strengthened security, but further irregularities took place and additional reruns were held on June 29 in 15 polling stations.³

The voter turnout increased slightly compared with the 2006 elections, reaching 57.5 percent. While women accounted for 35 percent of the candidates, surpassing the 30 percent requirement for party lists, a number of parties representing smaller ethnic groups participated within coalitions. The VMRO-DPMNE-led bloc won 48.8 percent of the votes and 63 of the 120 seats, and the SDSM-led coalition took 23.7 percent of the votes and 27 seats. In addition, the DUI won 18 seats, the DPA took 11, and the PEI secured 1.

After the elections, ODIHR made 28 recommendations, including “reform of the electoral code, making campaign financing more transparent, strengthening the capacity of the State Electoral Commission, and ensuring equal access to the media.” The government adopted an action plan addressing most of these recommendations, although it does not provide deadlines, a methodology, or a budget. In October, the electoral code was amended, broadly in line with ODIHR recommendations, to improve the maintenance of voter lists, strengthen rules on campaign financing, and clarify procedures for addressing election irregularities.

Civil Society

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
3.50	3.75	4.00	3.75	3.25	3.25	3.25	3.25	3.25	3.25

In principle, the legal framework for the functioning of civil society is free of excessive state pressures and bureaucracy. The Constitution, the Law for Citizens’ Associations and Foundations, and other regulations govern the civil society sector. The Law for Citizens’ Associations and Foundations, adopted in 1998 and amended in 2007, remains ambiguous on the definition of an organization of public benefit. Moreover, the law does not allow NGOs to engage in economic activities and prohibits the establishment of NGOs by foreign entities.

Since independence, the number and scope of NGOs in Macedonia have risen dramatically. Many deal with significant societal, political, and economic issues. Their activities are hampered mainly by a lack of resources. After the Kosovo refugee crisis hit Macedonia in the late 1990s, there was a boom in the sector as donors made funds available. By some estimates, there are 5,500 NGOs in the country. The various international donors often fail to coordinate with one another or design programs to meet local needs. Moreover, private donors are increasingly withdrawing from the Western Balkans region, leaving many NGOs in peril.

EU assistance to the sector has been growing through a variety of programs, but few Macedonian NGOs are capable of applying successfully for EU funds, as the process requires significant technical skills and resources. Only organizations with sufficient experience and a sound financial record can hope to meet application criteria and win projects.

Not surprisingly, the biggest local organizations—such as the Foundation Open Society Institute Macedonia (FOSIM) and the Macedonian Center for International

Cooperation—dominate the sector. They often act as major grant issuers in their own right, redistributing parts of their EU funding. This can complicate fundraising for local NGOs that do not have good relations with these organizations. The political stance of FOSIM and its executive director, Vladimir Milchin, a longtime member of the executive board of SDSM, also negatively affects the development of the sector. A number of civic organizations represent the interests of women, physically impaired persons, and sexual and ethnic minorities, and these receive most of the attention and funding of the donors. The others are left to their own devices, seriously constraining their ability to deliver more professional services.

Although many Macedonian civil society organizations have the necessary technical equipment and office facilities, as well as a motivated and well-educated staff, few groups are financially viable in the long term. A law providing tax incentives for donations and sponsorship by a local or foreign entity has not been used often. Local philanthropy and volunteerism are almost nonexistent, and charitable activities by religious groups are minimal. The influential Macedonian Orthodox Church and the Islamic religious community generally promote conservative attitudes, while the influence of trade unions has been on the wane.

A teachers' union strike from November 24 to December 2 disrupted the work of primary and secondary schools across Macedonia. The union was seeking salary increases, fixed-term contracts for temporary staff, and other concessions. After much wrangling, the government agreed to meet most of the teachers' demands.

The media often report on the activities of NGOs, and think tank experts are now regular guests on news programs. The think tank sector has also developed in terms of the quality of their products; members of a think tank network established in 2006 provide reports and trainings founded on solid, evidence-based research and analysis. The active involvement of NGOs in public policy making and reforms grew in 2008, but the government, unlike the media, is hardly receptive to policy advocacy by interest groups, research centers, and other nonprofit organizations. Government officials rarely invite NGOs to comment on and influence pending policies or legislation. While a lack of transparency surrounding the criteria for state grants to NGOs has been a serious problem in recent years, the situation improved in 2008 through the public announcement of the call for proposals, the selection criteria, and the results.

In general, Macedonian civil society has yet to attain the critical mass needed to become a serious actor at either the national or the 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.

Macedonian society is largely free of excessive influence by extremist and intolerant groups, and there are no visibly active organizations advocating racist or xenophobic agendas or threatening political and social stability. The education system is generally free of political influence and propaganda, although recent

political history and the relations between ethnic Macedonians and ethnic Albanians are not discussed in textbooks, and optional religious education has been introduced in the public school system by the current government. Moreover, political parties use local government positions to influence the appointment of principals in elementary and especially high schools.

Independent Media

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
3.75	3.75	3.75	4.00	4.25	4.25	4.25	4.25	4.25	4.25

In principle, Article 16 of the Constitution guarantees freedom of speech and access to information. The Law on Broadcasting and other relevant statutes meet most international standards. Macedonian journalists and media outlets are able to form their own 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 owing to the failure of the fee collection system; the system had effectively collapsed by 2008, since very few people paid the license fee. Administrative capacity of the understaffed Broadcasting Council remains weak, and its decisions are sometimes not respected by broadcasters; the terms of three council members expired in the first half of 2008, and the Parliament failed to nominate replacements in time for June elections.

Employees at Macedonian Television and Radio went on strike on a number of occasions in 2008, protesting financial problems at the organization. Furthermore, an amendment to the Law on Broadcasting adopted in July increased the likelihood that the public broadcaster could declare bankruptcy or liquidation.

There is a diverse selection of print and electronic information sources representing a range of political viewpoints. In 2008, many local public radio stations and magazines were closed owing to lack of funding. Dozens of private electronic outlets struggle to survive in market conditions that are adverse even by regional standards, making the commercial sector as overcrowded and inefficient as the public sector. Quite a few, new national television channels began broadcasting in 2008.

Some television stations are considered to be politically influenced, since the owners are also presidents of political parties. 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 the president of the SP. Channel 5 is owned by Emil Stojmenov, son of the 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 Alsat TV. In 2008, Ramkovski clashed on a number of politically charged issues with the owners and management of Sitel TV and the daily *Večer*, as well as with the mayor of Skopje, Trifun Kostovski. The

media outlets defended their patrons while reporting negatively on the activities of their opponents. Ramkovski also apparently fired the entire staff of the daily *Vreme*, which he is believed to own, although the company that owns the newspaper is not registered in his name.

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). There is no legislative provision related to concentration of media ownership. During the June 2008 parliamentary elections, the media did not treat all political parties equally. The public television broadcaster showed bias in favor of government parties.

There were few instances of violence against journalists in 2008. Many faced libel suits, however. The prime minister sued two influential columnists, Branko Trichkovski and Ljubomir Frchkovski, in pursuit of substantial libel damages. Despite the 2006 Law on Free Access to Information, access to information remained problematic for journalists and concerned citizens alike.

There was a great increase in Internet penetration in 2008, with many new providers offering the service, although penetration remained low by European standards. Estimates vary significantly but hover around 40 percent. Users enjoy open access to the Internet and its diverse range of sites and viewpoints, and registration of new sites is unhindered.

Local Democratic Governance

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
n/a	n/a	n/a	n/a	n/a	4.00	3.75	3.75	3.75	3.75

Macedonia has only two tiers of governance, with no intermediary level between the municipalities and the central government. Citizens have the right to establish local self-governing bodies, or communities, within the municipalities. Municipal officials are directly elected by secret ballot, in regularly held polls (in principle every four years), and are subject to independent monitoring and oversight. Citizens can also weigh in on a particular question through referendum.

Since the Ohrid Agreement in 2001, Macedonia has engaged in a thorough decentralization effort, committing itself to devolve responsibilities of the central government to local government units. The agreement set out a strategic agenda concerning equal representation of different ethnic groups in local self-government. The government has worked to correct the functional deficiencies of municipalities and enhance their capacity to fund sustainable economic development through independently collected local revenues. The list of local government responsibilities includes significant social services such as primary and secondary education, nursing homes, orphanages, preschools, and ambulatory health care.

Municipal debts were further reduced in 2008, in most cases by agreeing to repay principal to private construction companies in exchange for relief on the accumulated

interest. Another 17 of the 85 municipalities entered the second phase of the fiscal decentralization process, bringing the total to 59 as of July 2008.⁴ Municipal tax collection increased substantially, although revenue remained insufficient in light of the new competencies. The Association of Municipalities (ZELS), which serves as a link between the central authorities and local governments, asked the central government for additional funding and debt relief in 2008. The municipalities that were not permitted to enter the second phase of fiscal decentralization were still burdened by sizable debt loads and related legal proceedings.

In addition to local revenue sources and central government grants, the law allows municipalities to borrow funds in the capital markets if approved by the Ministry of Finance. However, the administrative capacities of some municipalities are very low, and the transparency and accountability of local administration remain insufficient, particularly with respect to financial controls. Internal audit units were established in 8 additional municipalities in 2008, for a total of 28. Separately, progress was also made in the decentralization of the police during the year with the appointment of 8 regional commanders and the selection, in consultation with municipal councils, of all 38 local police station commanders.

Foreign direct investment is sometimes impeded by slow legal procedures and fragmentation of responsibilities between the central and local governments. In 2008, the government decided to allow foreign persons and companies to legally own land in Macedonia, but ZELS demanded that municipalities rather than the state manage land sales to foreign or domestic companies.

Citizens and investors complain that the procedures for issuing construction permits are protracted and subject to excessive discretion by municipal authorities. This has led to extensive illegal construction, and the authorities lack the resources and political will to demolish such buildings.

Judicial Framework and Independence

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
4.25	4.25	4.75	4.50	4.00	3.75	3.75	3.75	4.00	4.00

As in previous years, improving the independence and efficiency of the judiciary remained a major challenge for Macedonia in 2008. The courts have been gradually strengthened since reforms began in 2005. The Constitutional Court, whose members are appointed by the Parliament using the “double majority” rule, has the power to annul legislation and decrees that are found to violate the Constitution. The Judicial Council, also appointed through a parliamentary double majority, oversees the court system and judges. The Parliament finally filled its last vacancy and the Judicial Council assumed full responsibility for recruiting judges and presidents of the courts in 2008, hiring 115 judges, of whom 12 would be presidents of courts, as well as the president of the Supreme Court.

Appointments to the Council of Public Prosecutors were delayed but completed by Parliament under the double majority rule in July. The council has 11 members

selected for a one-time renewable four-year term. Six are elected by the prosecutors themselves, and three are selected by the Parliament. The state public prosecutor and the minister of justice are *ex officio* members with a right to vote. The members in turn elect a council president for a nonrenewable two-year term. The state public prosecutor himself continues to be appointed by the Parliament, which acts on the proposal of the government, for a once renewable six-year term.

In 2008, the new administrative court and the new court of appeals in Gostivar began operating. They are expected to greatly help the overall functioning of the courts. The Law on Courts was amended to provide for just one (instead of five) specialized court department to deal with cases of organized crime and corruption. The Judicial Council maintained its efforts to combat corruption in the judiciary.

Two general problems remain in the judicial system: the significant number of vacancies in various institutions, and the number of unresolved cases. Vacancies remain in the public prosecution service, and the higher prosecutor's office in Gostivar has yet to begin work. Moreover, beginning in January the Constitutional Court functioned with six members instead of nine; the president and another member, both ethnic Albanians, had resigned in November 2007 to protest the Court's ruling on the use of ethnic flags, and a third member left in January 2008 to join the European Court of Human Rights. The Parliament appointed a judge to one of the vacant posts in July, and in October it made the remaining two appointments on the basis of proposals from the head of state.

Of the 27 basic courts, 22 managed to reduce the considerable backlog of cases, which consisted mainly of enforcement and misdemeanor cases as well as administrative cases to be dealt with by the new administrative court; there are hundreds of thousands of unresolved cases. The number of judges and prosecutors has increased modestly, but the number of employees in the judicial administration has dropped by 6 percent. Some basic courts still lack information technology equipment, as do most of the public prosecutors' offices. In general, the inefficiency of the judicial system, especially in the area of contract enforcement, influences the business environment and the country's attractiveness to foreign investment.

Corruption

1999–2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
5.00	5.00	5.50	5.50	5.00	5.00	4.75	4.75	4.50	4.25

The government of Nikola Gruevski has claimed that fighting corruption is one of its priorities. Yet domestic and international reports and surveys indicate that corruption in Macedonia is a serious and widespread problem that affects many aspects of the social, political, and economic life. The code of criminal procedure and the Law on Communications Monitoring were amended to allow use of special investigative measures in cases where corruption is suspected. And various

law enforcement agencies demonstrated a clear determination to cooperate and coordinate. The Judicial Council continued efforts to combat corruption and ensure impartiality. In 2008, it dismissed seven judges and initiated procedures against twelve others; five disciplinary procedures are ongoing. The state public prosecutor demoted two experienced prosecutors from the specialized unit for the fight against organized crime and corruption. There were convictions in some high-profile cases, including the former governor of the National Bank and the former director of the Public Revenue Office.

In 2008, as in 2007, there have been several high-profile arrests involving misappropriation of public funds and bribery. The current leader of SDSM was also detained before being pardoned by President Branko Crvenkovski. Other persons charged include the mayor of Aerodrom, the former director of the public enterprise managing sports halls, employees in the Pension Fund and regional office in Bitola, the former director of Slavia supermarkets, and the former general manager of the Electric Supply Company. The high-profile court case involving former SDSM premier Vlado Buchkovski is pending resolution.

In the Zmisko Oko (Snake Eyes) affair, a dozen employees responsible for collecting highway toll fees were charged with embezzling public funds. Again in 2008, as in 2007, the government has been accused of selectively arresting and charging individuals in the opposition while turning a blind eye to corruption scandals involving their own cadres. Customs continued to combat corruption with a toll-free anticorruption hotline; 77 disciplinary procedures against customs officers were completed, of which 40 resulted in dismissals, 14 in suspensions, and 23 in fines.

The state Anticorruption Commission was very active in 2008; with the Law on the Prevention of Corruption strengthened, the commission began implementing the new state program for prevention and suppression of corruption, and investigated a number of issues including corruption during the electoral campaign, privatization of the Veles smelter plant, membership of civil servants in managing boards of public companies, and the work of the mayor of Kisela Voda and the former ministers of defense, Laze Elenovski and Jovan Manasijevski. The commission also published asset declarations without prior approval and initiated 41 cases of conflict of interest and a number of misdemeanor procedures against officials who failed to submit asset declarations.

In its 2008 Corruption Perceptions Index, Transparency International ranked Macedonia 72nd out of 180 countries, a significant improvement over its 2007 ranking. The improvement was also noted by the European Commission in its 2008 *Progress Report on Macedonia*. The report called for the government to continue with reforms, especially in implementing anticorruption legislation and reform of the judiciary.

■ AUTHOR: DR. ZHIDAS DASKALOVSKI

Dr. Zhidas Daskalovski is a senior analyst at the Center for Research and Policy Making and assistant professor of political science at the Department of Public Administration (FAMIS) of the University of Kliment Ohridski in Bitola.

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- ¹ For a comprehensive overview of the issue, see also *Budget Watchdogs* (Skopje: Center for Research and Policy Making, 2008) 8–21, <http://www.crpm.org.mk/Papers/BudgetWatchdogsENG.pdf>.
 - ² Much of the information here and below is drawn from the EU Progress Report on Macedonia, released on November 5, 2008, http://ec.europa.eu/enlargement/press_corner/key-documents/reports_nov_2008_en.htm.
 - ³ See also the data in the OSCE/ODIHR reports on the Macedonian elections, http://www.osce.org/odihr-elections/item_12_19294.html and http://www.osce.org/documents/html/pdftohtml/31275_en.pdf.html.
 - ⁴ Radio Liberty/Radio Free Europe data at <http://www.makdenes.org/programs/intervju/ma/2008/07/A10EB88A-AC52-4BBA-805F-560C2181AD5C.ASP>.