

Macedonia

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Capital: Skopje
Population: 2.0 million
GNI/capita, PPP: US\$11,070

Source: The data above were provided by The World Bank, *World Development Indicators 2012*.

Nations in Transit Ratings and Averaged Scores

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Electoral Process	3.50	3.50	3.00	3.25	3.25	3.25	3.50	3.25	3.25	3.25
Civil Society	3.75	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Independent Media	4.00	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.50	4.75
Governance*	4.50	4.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
National Democratic Governance	n/a	n/a	4.00	3.75	3.75	4.00	4.00	4.00	4.00	4.25
Local Democratic Governance	n/a	n/a	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Judicial Framework and Independence	4.50	4.00	3.75	3.75	3.75	4.00	4.00	4.00	4.00	4.00
Corruption	5.50	5.00	5.00	4.75	4.75	4.50	4.25	4.00	4.00	4.00
Democracy Score	4.29	4.00	3.89	3.82	3.82	3.86	3.86	3.79	3.82	3.89

* 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

Macedonia's June 2011 parliamentary elections gave Prime Minister Nikola Gruevski and the ruling Internal Macedonian Revolutionary Organization–Democratic Party for Macedonian National Unity (VMRO-DPMNE) a renewed mandate after five years in power. The Democratic Union for Integration (DUI), representing parties from the country's Albanian minority, is regarded as a silent partner, though they appear to disagree on some key issues, including the European Union (EU) and North Atlantic Treaty Organization (NATO) integration processes, the dispute with Greece over Macedonia's constitutional name, and the "Skopje 2014" urban renewal project that has been criticized for promoting Macedonian patriotism at enormous expense to the national budget.

The name dispute with Greece—which dates to Macedonia's independence from Yugoslavia in 1991—continued to stall the country's progress in joining NATO and the EU. Greece views the use of "Macedonia" as an impingement on its own province of the same name, pushing Macedonia to adopt "the Former Yugoslav Republic of Macedonia" for its international identity. Throughout 2011, long-running international mediation efforts continued, but Macedonia's position was bolstered in December when the International Court of Justice at The Hague ruled that Greece had violated a 1995 interim agreement in the name dispute by vetoing Macedonia's NATO membership in April 2008.

Meanwhile, Macedonia's government was heavily criticized for its handling of media and speech freedoms. Most of the criticism originated from the behavior of the authorities in launching tax investigations of the national television station (A1 TV) and three newspapers (*Vreme*, *Spic*, and *Koha e Re*) that led to their closure. Additionally, governmental spending in media campaigns and its strong influence on the overall media market, including the Broadcasting Council, drew criticism from human rights and press freedom organizations.

National Democratic Governance. Prime Minister Gruevski responded with outrage to international and especially European Commission criticism of his government's stalled reforms, accusing the Commission of inventing pretexts for exerting pressure on Macedonia over the naming issue with Greece. The main reason for this was the Commission's avoidance of the use of "Macedonian" in the progress report that was published in October 2011, using only "Former Yugoslav Republic of Macedonia," the country's international identity. In general, the year was characterized by a dearth of political dialogue over the name issue, Macedonia's EU and NATO accession, media freedom, the economy, rule of law, and the controversial "Skopje 2014" project. The largest opposition party, the

Social Democratic Union of Macedonia (SDSM), staged a boycott of parliament in January 2011, triggering the country's second early elections in three years six months later. SDSM had hoped to dent the VPRO-DPMNE-DUI coalition's absolute majority in parliament, which gives them a free hand to pass laws and constitutional amendments without considering opposition or public sentiments. *As a result, Macedonia's national democratic governance rating declines from 4.00 to 4.25.*

Electoral Process. The early parliamentary elections were conducted peacefully and without any major incidents. Macedonia's diaspora got an opportunity to vote for the first time since the country's independence in 1991. However, the financing of political parties in Macedonia is still a gray zone and despite efforts to bulk up the country's laws on campaign funding and transparency, there are concerns that parties still manipulate and circumvent the laws, such as through the use of advertising money to prod the news media to give preferential coverage. *Macedonia's electoral process rating remains at 3.25.*

Civil Society. Nongovernmental organizations (NGOs) and other civil society actors are politicized and polarized, undermining their advocacy and oversight roles. For instance, organizations with compatible goals support completely different measures depending on their relationship with the largest parties in the country, the VMRO-DPMNE and SDSM. New NGOs have formed with the apparent mission of praising the government and ruling coalition, while another set of organizations exists to support the SDSM. Nevertheless, two causes in 2011 rallied significant support and uncharacteristic cooperation among civil society activists. One case involved protests over apparent police involvement in the death of a 21-year-old man, and in another case, 45 youth organizations united against a law giving the government supervisory power over youth councils. The outpouring of opposition forced the government to withdraw the proposal. *Macedonia's civil society rating remains at 3.25.*

Independent Media. Media ownership is highly concentrated and heavily tied to politics. Editors and journalists face increasing political pressure and intimidation, resulting in widespread self-censorship. Amendments to the Broadcasting Council Law in 2011 increased the number of appointees from government-controlled bodies. A1 TV, a station known for challenging the current government, faced tax investigations and was forced to declare bankruptcy and shut down in July. Three pro-opposition newspapers (*Vreme*, *Spic*, and *Koha e Re*) were closed for alleged non-payment of taxes, while tough economic conditions forced one political weekly and two other magazines out of the market. The chairman of the newly formed Journalists' Union was fired under unclear circumstances. As a result of growing pressure on Macedonia's independent media, *the country's independent media rating worsens from 4.50 to 4.75.*

Local Democratic Governance. Important decentralization reforms and other issues designed to give local authorities more power received less attention than national governance issues in 2011. Still, the central government compelled local authorities to carry out laws on land privatization and regulating the status of housing projects that were built perviously without permits. Some progress was made in the areas of property tax collection and coordination between local and central governments. Additional efforts are required to ensure the financial stability of the local governments, some of which face serious budget challenges despite bearing greater responsibilities. *Macedonia's local democratic governance rating remains at 3.75.*

Judicial Framework and Independence. The government in 2011 passed an amendment governing the membership of the Minister of Justice on the Judicial Council, a body whose main function is to ensure neutrality and independence of the judiciary. Under the amendment, the minister may belong to the council but is barred from voting on the nomination of judges to higher courts. The establishment of a new Higher Administrative Court was welcomed as a step to reducing often extensive delays in processing cases challenging decisions by state institutions. Though progress has been made on paper, there were several cases where the judicial system failed to display independence or impartiality. *Macedonia's judicial framework and independence rating remains at 4.00.*

Corruption. Macedonia has strong anti-corruption laws, but implementation is lacking. The government's efforts to combat corruption in 2011 were confined to minor legislative adjustments aimed at improving the judicial system's efficiency. These included the introduction of shorter or more precise deadlines in judicial procedures and the simplification of procedures. There was little progress made in making political campaign financing more transparent. *Macedonia's corruption rating remains at 4.00.*

Outlook for 2012. A solution to the name dispute with Greece does not appear imminent despite its importance in clearing a hurdle to Macedonia's membership in NATO and eventual accession to the EU. Weak and politically influenced news media and civil society organizations—which could play an important role in fostering dialogue on economic and human rights problems, and shedding light on political corruption—could continue to hamper democratic progress in Macedonia. The country's main opposition party has so far failed to create a strong alternative to the ruling coalition, having suffered repeated defeats at the polls, which means there is unlikely to be any realignment of power.

MAIN REPORT

National Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	4.00	3.75	3.75	4.00	4.00	4.00	4.00	4.25

Throughout the year, the coalition government led by Prime Minister Nikola Gruevski invested heavily in a massive urban renewal program known as “Skopje 2014.” The controversial project that began in 2010 includes monuments commemorating Macedonian national heroes and revolutionaries. Contributing to the controversial nature of the project is that there is no accurate information on how much the project will cost. The main opposition party, the Social Democratic Union of Macedonia (SDSM), claims the cost will be €200 million, while in 2010 the government announced they would spend €80 million. The website of the Public Procurement Bureau, part of the Ministry of Finance, shows some project costs well exceeded estimates; for example, the original contract cost of a theater project was €4.5 million while the project annex puts the real costs at an estimated €30 million. Public criticism of the project is not allowed.¹ The project includes the construction of 20 large statues and over 100 small ones, the purchase of 220 double-decker city buses and new, patriotic civic buildings and museums. Critics say it is too expensive and distracts from more pressing problems, including an unemployment rate of more than 30 percent and major roadblocks to European Union (EU) accession. One international nongovernmental organization (NGO) claims that the “state-sponsored nationalism” of the current government “is dividing Macedonians unhealthfully between ‘patriots’ and ‘traitors,’ irritating Albanians and discouraging Macedonia’s friends in the EU.”²

The government failed twice in carrying out a national census, a decade after the last count ended in doubts about its accuracy, especially from Albanians who contend that it did not accurately reflect minority populations and those who do seasonal work outside the country during the summer months. Albanians are the second-largest ethnic group in the country, comprising about one-quarter of the population.

Even before the second failed attempt in October, Census Committee Chairwoman Vesna Janevska resigned, stating that she feared falsification and suggesting she was under significant pressure from her colleagues of different ethnic communities. A new chairman was nominated and the census operation resumed but was again canceled in a dispute over methodology just four days before it was supposed to be completed.³ The failure of the census reflects the depth of the governance problem and a continued lack of national unity.

The European Commission’s (EC) progress report on Macedonia triggered a strong reaction in Macedonia when it was published in October, mostly because

it used “Former Yugoslav Republic of Macedonia” throughout and the adjective “Macedonian” was not used at all. Prime Minister Gruevski fired back at the international community and the EC for unfairly criticizing his government’s performance, saying the name dispute with Greece was creating inappropriate pressure on his country.

Fears that postponing Macedonia’s EU and North Atlantic Treaty Organization (NATO) accession would decrease the tempo of democratic reforms spread among government and opposition parties in 2011. Macedonians were once wildly enthusiastic about EU membership but some NGOs reported that EU skepticism is rising.⁴ According to Macedonia’s European Education Center, this is partially because Macedonia was without an EU ambassador for more than six months after Peter Sørensen left to become EU ambassador to Bosnia and Herzegovina in May. A poll published by the daily *Nova Makedonija* showed the public is equally divided over trust in the EU, with 48.8 percent of those surveyed saying they have trust in the EU, while 49.3 percent do not.⁵

There are sharp divisions in politics as well. The main opposition party SDSM launched a boycott of the National Assembly in January 2011 with SDSM leader Branko Crvenkovski accusing the government of blocking the bank accounts of A1 TV and the newspapers *Vreme*, *Spic*, and *Koha e Re* on grounds of alleged tax evasion. All four are controlled by the controversial media mogul Velija Ramkovski.

During the boycott—which ended when elections were held on 5 June—parliament passed 142 laws between 6 and 26 April (though the EC reports it was over 200 laws⁶) with a slim majority of votes from 68 MPs.⁷ The EC states that the boycott hampered the functioning of the parliament and therefore governance. While the amendments passed included positive measures such as increased limitations on campaign spending and provisions aimed at addressing common forms of electoral fraud, some new laws were highly controversial, including changes to the Lustration Law requiring journalists, professors, and NGO activists to be checked for a possible history of collaboration with the Yugoslav secret service during the Communist era.⁸ In September, this amendment empowered the government to remove the president of the Constitutional Court on grounds that he had been an informant; he was replaced with a former Gruevski adviser.

Other controversial legislation passed during the boycott included a law endorsing formerly illegal building projects being carried out on archeologically significant sites.⁹ Regulations passed just two months before the 5 June elections allowed Macedonians living abroad to vote, which gave the ruling party a significant advantage since it enjoys great popularity in the diaspora population. Finally, the government passed amendments to the Law on Higher Education that requiring regular quality assurance assessments and imposing fines for failure to hold to certain standards. This law was unpopular with the opposition, but is reportedly in line with the praxis established in the European Higher Education Area.¹⁰

Electoral Process

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.50	3.50	3.00	3.25	3.25	3.25	3.50	3.25	3.25	3.25

The second early elections in three years, held on 5 June, put a dent in the ruling Internal Macedonian Organization–Democratic Party for Macedonian National Unity’s (VMRO-DPMNE) parliamentary majority. Following its parliamentary boycotts, SDSM picked up 15 seats for a total of 42 in the 123-member National Assembly, but VMRO-DPMNE still led with 56 seats while its Democratic Union for Integratio (DUI) coalition partner held 15.¹¹ The vote marked the SDSM’s fifth straight loss to VMRO-DPMNE (three parliamentary elections, the 2009 local elections, and the 2009 presidential election).

SDSM began pushing for early elections in 2010—two years after the last parliamentary contest—but relented as it became apparent from public opinion polls that Gruevski and his VMRO-DPMNE might benefit from the vote, which would extend their mandate to 2015. At the end of November 2010, a new dispute erupted between the country’s main political forces over the apparent targeting of opposition-oriented media in tax evasion cases. Citing outrage over the tax probes, SDSM led an opposition boycott of the National Assembly in late January 2011, petitioning the United States and the EU for help, insisting on early elections. The date for the new elections was finally set in April, after the SDSM abandoned its additional demands for reforms of the electoral process. Specifically, the Social Democrats had asked for a revision of voter lists and electoral districts in order to limit fraud, as well as a law that would prevent the government from favoring some news media by directing all its advertisement money to them.

During the SDSM-led opposition boycott, the Gruevski government made a large number of other changes to Macedonia’s electoral code. Among the new amendments passed by a slim majority of 68 members of parliament (MPs) on 2 April was a provision creating three new seats in the National Assembly for the country’s diaspora, who had sought representation for many years. Other amendments increased limits on campaign spending and other provisions aimed at combatting fraud.

A total of 1,119,889 people voted in Macedonia’s 5 June election. Of these, the Election Commission registered 1,088,843 valid votes. Using their new right of absentee voting, 4,771 Macedonians abroad cast ballots—2,901 from Europe, 1,106 from the Americas, and 764 from Australia. On 5 June, all three seats filled by the diaspora vote went to representatives of the VMRO-DPMNE. Macedonia has a population of 2,055,005, according to the State Statistical Office.¹² The country has a large diaspora community, some of them seasonal workers, and the census that was scheduled in 2011 but cancelled sought to clarify their total since there is no accurate number of how many Macedonian citizens live abroad. The three new parliament members representing the diaspora give some round statistics. According to their projections, there are 150,000 Macedonian citizens living in

Canada, 150,000 living in the United States, 84,000 in Australia, but unofficially, the figures are thought to be far higher.¹³

The electoral campaign was heated, with SDSM accusing VMRO-DPMNE of misusing state resources to influence voters, and VMRO-DPMNE firing back with accusations that SDSM was acting irresponsibly and damaging the country's reputation. Observers from the Organization for Security and Cooperation in Europe (OSCE) expressed concerns about a possible increase in voter intimidation and election-related irregularities, as voter intimidation was also the biggest problem noted in the 2009 elections by the OSCE's election monitoring team.¹⁴

In May, the pro-opposition A1 TV released written documents and audio recordings incriminating VMRO-DPMNE of bullying civil servants into providing the ruling party with lists of up to 25 guaranteed voters each. A few of the lists A1 TV reported to have had obtained were delivered to the Public Prosecutor, the Electoral Commission, the anticorruption commission, and international representatives in the country. VMRO-DPMNE responded with similar accusations against SDSM, though people on both party lists denied being pressured into voting one way or another.

During the campaign, VMRO-DPMNE dominated media advertising and social networks, while the opposition SDSM opted for a more personal approach, door-to-door campaigning. SDSM's platform and VMRO-DPMNE's "Manifesto for reforms and development"¹⁵ were similar, including priorities such as accession to the EU and NATO, economic development, and better interethnic relations.

Campaign financing is still a gray area despite efforts to shed light. A 2004 law defined the activities that political parties were allowed to undertake to generate income and defined permissible levels of financing from membership fees and donations. However, campaign funding reports often fail to define the origin of the donations and the parties are not fully transparent in identifying sources of financing. The 2004 electoral law has been amended several times, with the last changes coming in October 2011 aimed at increasing transparency and more precisely defining what information political parties must reveal in their campaign reports.

But problems persisted. In October, the new chairman of the anticorruption commission, Vojce Zafirovski, accused private television stations A1, Sitel, and Channel 5 of illegally contributing to their preferred parties' election campaigns through extensive free airtime and discounted advertising. Zafirovski also said the largest opposition party, SDSM, presented a bank loan as a donation, which is in conflict with the law. The anticorruption commission announced that criminal charges would be filed against A1 (although it was already off-air and under investigation for tax evasion), SDSM, and Plus Production (the company owned by Velija Ramkovski, who ran A1 TV and the closed *Vreme*, *Spic* and *Koha e Re* newspapers) because they were late filing financial documents and purportedly falsified some information given in them.

Civil Society

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
3.75	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25

Under current law, anyone can form a civil society organization in Macedonia. However, like the government, Macedonia's civil society sector is politicized and polarized. Organizations or movements with compatible goals support completely different measures depending on their relationship with the leading political parties. Many new NGOs have been formed with the apparent mission of praising the government and ruling coalition, while another set of organizations exist to support the SDSM. The inability to cooperate and find common ground is a substantial barrier in the development of the civil sector and its role in fostering dialogue and advocating for the rights of the disenfranchised. Moreover, the obvious political affiliations of civil organizations damage their public image.

A 2011 report by the World Alliance of Citizen Participation noted that one of the main challenges facing Macedonia's civil society is public perception.¹⁶ Tension-filled relationships with the government and inadequate access to funding and insufficient capacity are also seen as key obstacles for the development of the NGOs.

Civil society organizations are less integrated into the lives of the public than political parties, which limits their impact. An April 2011 study done by the Macedonian Center for International Cooperation shows that religious communities, unions, and civic organizations fail to attract the interest of citizens in the manner that the political parties enjoy. Some 37.5 percent of the surveyed population are members of some political parties. Unions and civic organizations attract almost identical interest from the population, with 24 percent of those surveyed answering positively on the question of being a member of a union or an NGO.¹⁷

Local experts predict decreased access to international funding in 2013, indicating that NGOs should become more proactive in seeking out new funding opportunities at home and abroad. The 2010 Law on Associations and Foundations allows all civic organizations to have activities that generate income, such as sales and marketing of goods. According to the law and to the Macedonia-based Project for Technical Assistance (TAKSO), this requires more experience with networking than many NGOs and their employees have.

As a rule, Macedonian media cover topics connected with civil society activities only when there is an organized debate on a pending piece of legislation, a press conference called by an NGO, or a sensational topic. In other words, there is little interaction between NGOs and journalists to provide NGO viewpoints as a way to balance news stories or to tap independent expertise.

NGOs did have some success stories. The death of 21-year-old Martin Neshkovski, whose body was found on Skopje's main square at the VMRO-DPMNE victory rally after the June election, sparked a public outcry amid accusations that

police were involved. Social networking sites Facebook and Twitter were used to call rallies against what organizers said was unchecked police brutality. It took two days for police to confirm the man’s death and admit police involvement. The perceived attempt to cover up the crime prompted protestors to organize rallies throughout the second half of 2011, demanding increased police accountability and oversight, and justice for Neshkovski.¹⁸ The police officer accused of killing Neshkovski was still on trial at year’s end, and protests led by youth groups like “Stop Police Brutality” and a citizens’ initiative—“For better society through civil activism and reform of the Ministry of Internal Affairs”—were ongoing.¹⁹

Probably the biggest success story of civil society in 2011 was the withdrawal of the proposed new Law on Youth. The draft law would have given the State Youth Council 27 to 29 members of which 13 were to be nominated by the government.²⁰ Protests led by 45 youth organizations, claiming that it would give the government excessive control, forced the government to withdraw the proposal, saying it will first conduct “further consultations about its content with youth NGOs.”²¹

Independent Media

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.00	4.25	4.25	4.25	4.25	4.25	4.25	4.25	4.50	4.75

Macedonian journalists face an economically and politically challenging environment. A historic lack of willingness to work together for better professional standards compounds the obstacles, though there has been some progress on this front. In 2011, amendments to the Law on the Broadcasting Council increased the number of appointees from government bodies on the independent and non-profit regulatory body, which adjudicates a broad range of issues related to media freedom and competition. The amendments were adopted without public debate and without consulting the Broadcasting Council.

A protest organized in July by the Association of Journalists and the Independent Union of Journalists sought to present the dissatisfaction of the overall conditions regarding journalists’ rights, employment, and press freedom. Marching under the motto “Solidarity,” representatives from the Association and the Union of Journalists said they organized the protest because two journalists from the daily newspaper *Utrinski vesnik* were fired for allegedly speaking openly about speculation that their employer, Media Print Macedonia (MPM) (which also owns the *Dnevnik* and *Vest* newspapers), would begin to furlough workers. At that time, MPM was owned by the German media group WAZ.

Journalists also protested over working conditions. It is not unusual for journalists to go for months without pay, to work full-time in part-time positions, or to be paid in cash, without benefits. The protest was supported by the International Federation of Journalists (IFJ) and its member, the European Federation of Journalists (EFJ). “Macedonian journalists are under tremendous pressure from politicians and media owners and recent events show that the country reached a

point where it's simply becoming unbearable to work freely in journalism," said IFJ President Jim Boumelha.²² Reporters Without Borders reacted as well, expressing concern about the decline in respect for press freedom in the country.²³

Representatives from Vienna-based South East Europe Media Organization (SEEMO), an affiliate of the International Press Institute, visited Macedonia in October 2011 to investigate complaints about political and economic pressure on media organizations. The press freedom group's representatives met with Macedonian President Gjorgje Ivanov, Prime Minister Nikola Gruevski, and other representatives of the government; the head of the OSCE Mission; the Austrian Ambassador in Macedonia; and more than 30 journalists, editors, and media owners. In a report released after the visit, the organization noted that the media environment is partially free but that economic and legal pressures on journalists induced self-censorship.

One of the most high-profile media cases of 2011 unfolded in January, as prosecutors blocked the bank accounts of the critically oriented nationwide television station A1 and three daily newspapers—all part of Plus Production, one of the best know media groups in Macedonia. By summer, A1 and the *Vreme*, *Spic*, and *Koha e Re* dailies had been closed after the Public Revenue Office ordered immediate payment of over €1 million in taxes. Plus Production is run by Velija Ramkovski, a media mogul who has been in detention since December 2010, awaiting the end of his trial on charges of tax evasion and money laundering. Ramkovski claims that the case against him is politically motivated since he had openly criticized the ruling VMRO-DPMNE and Prime Minister Gruevski.

On 31 August, three more publications closed due to financial reasons—the weekly *Forum*, *Life* magazine, and the tourist magazine *Free Time Guide*, all owned by the Macedonian Seavus Group. The employees were not informed in advance about the impending closures.²⁴

Also during the summer, the president of the Independent Union of Journalists, Tamara Causidis, was fired from the privately owned Alsat-M TV. While her employers said her departure was based on a mutual agreement, Causidis said that the signature on her resignation letter had been forged and that she had been sacked for being active in the union, established in November 2010 to help journalists with legal expenses and to ensure their labor rights. Unfortunately, interest in this union among journalists during 2011 was low. Political divisions among journalists seem to be the key reason for the lack of effectiveness of the Union, the Association of Journalists, and similar organizations.

Defamation remains a criminal offense in Macedonia, and cases against journalists are widespread, often resulting in ruinous fines. As in the previous year, the majority of the lawsuits were filed by politicians, although judges, municipal officials, businesspeople, and media owners were also among the plaintiffs. In mid-October, a court in Skopje ordered Jadranka Kostova, editor of the daily *Fokus*, to pay €15,000 for slandering former Foreign Minister Antonio Miloshoski, who is now a VMRO-DPMNE lawmaker. The primary court in Skopje found Kostova guilty because the headline of her article, "How drivers' associations become family

businesses of Antonio Miloshoski,” harmed Miloshoski’s reputation. In another case against the same newspaper, *Fokus* owner Nikola Mladenov was ordered to pay a total of €40,000 in penalties for reporting that former Prime Minister Hari Kostov and opposition leader Branko Crvenkovski had “big” accounts in Swiss banks. The fine against Kostova is one of the biggest penalties against a Macedonian journalist in a defamation case.

Both the OSCE Mission in Skopje and the EC’s progress report raised concerns about the media environment in the country. The OSCE believes that news media critical of the government have been targeted by the authorities and urged them to ensure media pluralism and transparent investigation.²⁵ The EC expressed concern that media with ties to the ruling parties were favored when it came to government advertising.

There were positive developments, including the launch of the new union, growth of internet media, and the effectiveness of journalistic blogs. Nevertheless, journalists face tall economic hurdles, government interference, and have little professional support and few legal protections, an atmosphere that undermines the media’s important watchdog role.

Local Democratic Governance

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
n/a	n/a	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75

The VMRO-DPMNE and DUI coalition—which won a majority in the city government of Skopje and 56 of 84 municipal governments in 2009—placed limited emphasis on decentralization reforms and other local issues in 2011. At the same time, some issues on the national government’s agenda directly affected local governance and required substantial attention and resources, for example the privatization of property²⁶ and a project for the legalization of previously illegally constructed buildings on sites of architectural significance. There was high demand and preparedness for carrying out these measures varied widely.

Generally, some improvement of local democratic governance in 2011 can be noted. Regarding the financial stability of local governments, efforts were made to secure sources of funding, mostly through increasing the share of VAT transferred to the municipalities, which reached 3.7 percent as a result of the legislation amendments from 2010, with a gradual increase of the VAT share to 4.5 percent by 2013.²⁷ Additional encouragement was given to the authorities to collect property taxes to help fund local government operations. The collection of these taxes increased by three times in the period from 2006 to 2010, according to a final report prepared by the US Agency for International Development at the conclusion of its local government support project.²⁸ Five more municipalities entered the second phase of fiscal decentralization in 2011, which means that only 5 of the 84 municipalities still have some work to do before gaining greater fiscal independence.

One of the most important improvements was the coming into force of the Law on Management of State-owned Land starting in July.²⁹ The law gives local leaders the means to stimulate development and investment by renting, selling, or developing state-owned property. Though the start of the implementation appears slow, this amendment was highly welcomed by all local authorities and it appears that it may be the one that will make a difference in fostering the financial stability and independence of the local governments.

However, the 2011 EC progress report noted shortcomings, including “a lack of transparency and coordination of central funding for municipal projects, particularly for infrastructure projects.” This is especially visible in the relationships between the municipalities where the mayors are from opposition parties, such as was the case with the municipality of Strumica and the efforts of the local government to ensure access to natural gas. The SDSM mayor, Zoran Zaev, accused the central government of not cooperating in the project and even of attempting to block or delay it. A similar case was noted in the relationship between the mayor of the Karpos municipality in Skopje, Stevco Jakimovski, also of SDSM, who accused the City of Skopje (controlled by VMRO-DPMNE) of ignoring the needs of the municipality.

Another problem was posed by mayors who won parliamentary seats, and later renounced and transferred them to other party members. The chairman of the Assembly, Trajko Veljanovski, member of the ruling VMRO-DPMNE, said he would seek changes to the election law to prevent these kinds of situations—what he called “playing with the will of the voters.” He said mayors elected to the National Assembly should renounce their local offices and take their seat in the parliament.

Judicial Framework and Independence

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
4.50	4.00	3.75	3.75	3.75	4.00	4.00	4.00	4.00	4.00

Macedonia has been paying lip service to judicial reform for decades, but the court system remains highly inefficient and subject to political influence. Public Ombudsman Idzet Memeti himself stated in a 2011 interview that most of the complaints he receives from citizens are in regard to the judicial system.³⁰

European Commission progress reports cite the lack of judicial impartiality, political interference, and ineffectiveness as major reasons for revamping the system, along with employment policies, professionalism, and competence. According to the 2011 European Commission report on Macedonia, only 49 of 71 graduates of the Academy for Training Judges and Prosecutors (ATJP)—a public institution—have been employed. The lack of placement of the candidates from the Academy suggests that the goals do not match the priorities of those who make hiring decisions. The 2011 Law on Courts sets higher educational requirements for judges, effective January 2013.

In general, progress has been made in 2011, as a number of legislative amendments were adopted, including one regarding the membership of the Minister of Justice on the Judicial Council. The Judicial Council has the authority to nominate candidates for judgeships and has the authority to fire judges. The Council is also responsible for ensuring the neutrality and independence of the courts. Amendments passed in 2011 allow the minister to serve on the council but without voting rights.

The government also approved a gradual increase in funding for the courts, from 0.4 percent to 0.8 percent of gross domestic product (GDP), over three years. Better funding and higher salaries are seen as a way to attract qualified candidates and reduce the risk of bribery. Reforms were also introduced to set timeframes for cases to expedite decisionmaking. In another step toward improving the pace of rulings, the newly established Higher Administrative Court will take over appeals from the Supreme Court in cases involving decisions of the Administrative Court which handles procedures against state institutions. These cases have been known to take years to be processed.

Despite progress on paper, in practice there were several cases where the legal system failed to demonstrate its independence and impartiality. Throughout 2011, legal experts condemned the police practice of publicizing detailed information about criminal suspects before they have even gone to court. Another problem was pre-trial detentions, which are often extremely lengthy. Detainees, including public figures such as Ljube Boskovski—leader of the United for Macedonia opposition party—and the media owner Velija Ramkovski have also complained about the conditions of their detention, including lack of access to visitors and counsel. One of the 13 people arrested along with Ramkovski was a pregnant woman who had a miscarriage during her detention.³¹ In addition, the EC Progress Report cites the lack of court review of prosecutors’ decisions not to indict suspects in corruption cases.³²

The ruling parties and opposition continuously trade accusations of interfering in the judicial system, often with regard to nepotism and political favoritism in employment. The U.S.-based United Macedonian Diaspora (UMD), meanwhile, claims that judicial bias is a major cause behind Macedonia’s failure to attract foreign investment. Ownership and property rights are usually the biggest reasons for fear among potential investors, UMD claimed.³³

Corruption

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
5.50	5.00	5.00	4.75	4.75	4.50	4.25	4.00	4.00	4.00

Fighting corruption has been one of the main priorities of the government led by Nikola Gruevski, and is an underlying requirement for EU membership. In 2011, the Gruevski government made significant efforts to improve services and speed up

government permits and licenses—including the so-called Regulatory Guillotine, a project begun in 2007 to cut down the administrative practices that overburdened businesses and private citizens.³⁴ Steps were also taken to speed up rulings in court cases, with a mind to reduce incentives for bribery.

A new system for grading civil servants was introduced in several offices. The “smiley-face system,” as it is called, is not only intended to improve the services of public institutions, but to decrease low-level corruption by enabling every citizen to grade the quality and behavior of public servants by simply pressing a button on machines featuring three options—red (with a sad face), yellow (neutral), and green (with a smiley face). The simple devices are installed at government service counters so that the citizens can directly report their opinion of the service they receive.

Former anticorruption commission president Ilmi Selami has said Macedonia’s problem with corruption is not in its laws, but the lack of will to enforce and respect them. The State Commission for Prevention of Corruption’s effectiveness has varied depending on who has been in charge but it is still regarded as the final barrier for at least some level of protection against corruption. In some cases the commission’s investigations are hampered by a lack of cooperation from government agencies and officials. Small-scale bribery remains common in the public sector, including education and healthcare. A 2011 United Nations Office on Drugs and Crime study showed the average bribe paid in Macedonia to be €470.³⁵

Journalists and civil society watchdogs who do try to uncover corruption face high hurdles. Macedonia’s public information law is often overlooked as a tool—and disregarded when requests are made.³⁶ Furthermore, the role of news organizations as watchdogs for impropriety occasionally becomes blurred. The owner of the now closed A1 television, Velija Ramkovski, publicly stated that the prime minister’s representatives used government funds to pay for the ruling party’s advertisements on his television station. The accusations were made at the end of 2010, before Ramkovski was jailed on charges of tax evasion.

In another incident involving the media, popularly referred to as the “money in a bottle” case,³⁷ an employee of one of the biggest media groups in the country, MPM (part of the German-owned WAZ Media Group) was accused of trying to transport €750,000 out of the country in a bottle, although no charges were made in the case.

Knowing the right people with family and political connections is still the easiest way to get a job, despite the EC’s repeated calls for a smaller and more professional public administration. The government has on occasion refused to give the exact number of people working in the public sector. Meanwhile, the effectiveness of Macedonia’s stated commitment to stamp out graft and corruption is often hampered by the acrimonious relations between the ruling coalition and opposition parties, with the government fight against corruption in some cases limited to its political opponents while the court system’s ability to deal with sensitive cases remains weak.³⁸

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