

Macedonia

by Vladimir Misev

Capital: Skopje
Population: 2.0 million
GNI/capita: US\$7,850

The social data above was taken from the European Bank for Reconstruction and Development's *Transition Report 2007: People in Transition*, and the economic data from the World Bank's *World Development Indicators 2008*.

Nations in Transit Ratings and Averaged Scores

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

* 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

In the 17 years since the Republic of Macedonia regained its independence in 1991, interethnic relations and minority rights have been at the forefront of the domestic political agenda. In 1993, Macedonia gained admission to the United Nations—albeit under the interim name of the Former Yugoslav Republic of Macedonia, a concession to a name dispute with Greece. This “name issue” has been the topic dominating domestic interest. Macedonia is a multiethnic state; the majority of the population (64 percent) is ethnic Macedonian, and the largest minority group (25 percent) is ethnic Albanian, with populations of Turks, Serbs, Roma, Bosniaks, and Vlachs as other minority communities. Following ethnic clashes during the 1990s over issues including the basic concept of a state, a crisis in the first half of 2001 was concluded with the signing of the Ohrid Framework Agreement (OFA), and Macedonia amended the 1991 Constitution to clarify the position of national minorities in the legal system. In 2005, the country became a European Union (EU) candidate and applied for NATO membership.

By 2007, all Macedonian political parties had reached consensus that a market-based democracy should be the foundation of the country’s economic and political system and that Macedonia should become a member of the EU and NATO. It is widely understood that political moderation and ethnic tolerance are important to Macedonian politics. Yet interethnic disputes also characterized 2007.

National Democratic Governance. The national political system in Macedonia is free from such threats to stability as insurgency or war. In March 2007, the largest ethnic Albanian political party, Democratic Union for Integration (DUI), claimed that the provisions of the OFA were not met. DUI left the Parliament, and for two months negotiations were held with the governing party from the ethnic Macedonian political bloc. The finale of the negotiations was an agreement between Prime Minister Nikola Gruevski and the leader of DUI. The agreement and its context in the following period was the subject of serious disputes between the ethnic Macedonian parties and ethnic Albanian parties but also affected the intraethnic dialogue, especially in the ethnic Macedonian political parties. *Owing to the low representation of ethnic minorities in state institutions, the departure from Parliament of DUI over the poor implementation of the OFA, and a general lack of cooperation between the government and President Branko Crvenkovski, which drew sharp criticism from the international community, Macedonia’s rating for national democratic governance worsens slightly from 3.75 to 4.00.*

Electoral Process. Macedonia has universal and equal suffrage, with regular, free, and fair elections conducted by secret ballot. The electoral system is free of major barriers to political organization and registration and is multiparty-based, with the

public engaged in the political life of the country. Since independence, power has rotated among different party coalitions representing competing interests and policy options. In 2007, the government proposed amendments to the electoral code that guaranteed 10 parliamentary seats for smaller ethnic minorities: 4 seats for Turks, 2 for Serbs, 2 for Roma, and 1 each for Bosniaks and Vlachs. The proposal was welcomed by the representatives of the ethnic communities but was met with strong opposition from the largest ethnic Albanian opposition party, DUI. The party claimed that the introduction of guaranteed seats for the other ethnic communities was an attempt to weaken the ethnic Albanian political bloc in Parliament. Three additional guaranteed seats were also proposed for the diaspora community living abroad. *Macedonia's electoral process rating remains at 3.25.*

Civil Society. After independence in 1991, Macedonia became fruitful ground for civil sector development, with a current total of around 5,800 nongovernmental organizations (NGOs). Still, citizen participation is low, and there is a general perception that the Macedonian public does not trust the civil sector. A recent survey reported that only 45 percent of the population has confidence in NGOs. Nevertheless, there have been positive developments in the sector in recent years. Several think tanks were established and gave significant input on a range of government and public policies. The Center for Economic Analysis and the Institute for Democracy work actively on the economic and political development of the country. A network of think tanks was established in 2006 to support the government with qualitative and science-based proposals and suggestions. Most NGOs in Macedonia are financed by the EU and the United States, but the development of much of the civil sector is hampered by a lack of resources. *Macedonia's rating for civil society remains at 3.25.*

Independent Media. The Macedonian public enjoys a diverse selection of print and electronic sources of information at both national and local levels, representing a range of political viewpoints. The weekly political journal *Aktuel* was discontinued owing to a small circulation, but in April 2007, the Westdeutsche Allgemeine Zeitung (WAZ) group introduced a new weekly periodical, *Globus*, which focuses on current affairs and politics. In October 2007, there were several physical attacks on members of the media, one involving the opposition ethnic Albanian party DUI and another involving the special police unit, Alpha. The government held a news conference at which the entire press corps turned their backs on the prime minister in protest of the events. *Macedonia's rating for independent media remains at 4.25.*

Local Democratic Governance. In 2007, a new Law on Balanced Regional Development was enacted by the Parliament, to be implemented in early 2008. Also in preparation is the Law on Inter-Municipal Cooperation, which aims to reduce regional disparities in local economic development. One of the most visible events to affect decentralization in 2007 was the change of the minister for local self-government. In June, the minister resigned as a result of negotiations between Prime Minister Gruevski and the leader of the Party for Democratic Prosperity

(PDP) (Abduladi Vejseli). In the same month, PDP joined the government coalition and filled the ministerial position. Another important event was the continuation of fiscal decentralization to municipalities, yet only half of the municipalities fulfilled the criteria for entering the second phase. A very positive development in the field of local government was the reduction of municipal debt by half. *Macedonia's rating for local democratic governance remains at 3.75.*

Judicial Framework and Independence. Improving the independence and efficiency of the judiciary continues to be a major challenge, yet no consensus has been reached between the government and the opposition on implementing reforms. Discussions on needed changes to the 2004 Law on Public Prosecutors have proved futile. The composition of the Judicial Council has also been an area where all sides of the political spectrum have been unable to reach an agreement. The Parliament elects members to the council with a two-thirds majority, but currently that requires the support of the opposition parties. After feuding much of the year, the parties finally reached an agreement on council nominees in October 2007. On October 23, the Constitutional Court ruled on the constitutionality of the 2005 Law on the Use of Cultural Symbols by Ethnic Communities, which found that certain articles in the law regulating the public display of flags by ethnic communities were unconstitutional. The ruling was strongly condemned by ethnic Albanian parties, with the governing Democratic Party of Albanians (DPA) accusing the opposition DUI of influencing members of the Court. *Owing to serious delays in reforms in this sector, Macedonia's rating for judicial framework and independence worsens from 3.75 to 4.00.*

Corruption. The new government has declared the fight against corruption to be a priority. Since its election, there have been a number of initiatives in this field. In September 2007, the government launched a major public anticorruption campaign entitled Macedonia Without Corruption, accompanied by glossy print and electronic advertising. The purpose of the campaign is to encourage the public to report corruption to the authorities using a special "199"-telephone line; around 100 calls were received in the first week. The government also made several high-profile arrests, but the public display of these arrests on broadcast media appears to challenge the right of citizens to be treated fairly and with a presumption of innocence until proven guilty. *Owing to progress made by the new government in tackling corruption and making anticorruption efforts a policy priority, Macedonia's rating for corruption improves from 4.75 to 4.50.*

Outlook for 2008. In 2008, the decision will be made whether to extend an invitation to Macedonia for NATO membership, which will be important for the stability of the country in light of an impending decision on the final status of Kosovo. With respect to the EU, the government will push for a date on the beginning of accession talks, which are likely to occur in the second half of the year. Overall, 2008 will be a critical year for the government to demonstrate leadership in tackling reforms and moving Macedonia further toward EU standards.

MAIN REPORT

National Democratic Governance

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

The Republic of Macedonia was established in 1991 after the breakup of the Socialist Federal Republic of Yugoslavia and a referendum for the country's independence that drew overwhelming citizen support. On November 21, 1991, the Macedonian Parliament (*Sobranie*) adopted the first Constitution of the newly independent state. After the conclusion of the Ohrid Framework Agreement (OFA) in August 2001, Macedonia acquired a new profile on the domestic and international front, becoming a positive example for post-conflict government and the successful functioning of a multiethnic state.

According to the Constitution, legislative power is vested in the Parliament. The government and the president represent the executive branch, while the Constitutional Court, Supreme Court, and public prosecutor are the judicial authorities in the country. The Parliament is a unicameral legislative organ composed of 120 members elected by universal and direct suffrage. Macedonia is divided into six election districts with each district electing 20 members of Parliament (MPs). The organization and functioning of the Parliament, as well as parliamentary bodies and procedures, are detailed in the rules of procedure. Provisions in the Constitution regarding the Parliament have been largely harmonized with international standards in areas such as the election of MPs in direct and free elections and the division of power among the legislative, executive, and judiciary.

In 2007, the Parliament passed 150 laws, including legislation to harmonize national laws with EU law; implementation of this particular legislation, and the laws that require double majority, has been delayed. Even though the Parliament is formally the strongest institution in the system (can only be dissolved by Parliament itself), in practice its work is dependent largely on the government. Most MPs belong to the governing parties and maintain a subordinate position toward the government. On the one hand, such an attitude enhances efficiency in adopting legislation; on the other, it directly affects the independence of Parliament and the legislative process overall.¹

Although from a formal point of view executive power is shared dually between the president and the government, in effect it is the government that executes legislative acts. One of the main developments of the state in the last 10 years (after the assassination attempt on Macedonia's first president, Kiro Gligorov) has been an increase in the power of the executive. By introducing 95 percent of the draft legislation into Parliament, the executive has become a legislative body in its own right.

Since independence, it has been a common practice for the government to be multiethnic in its composition. Currently, the Macedonian government is composed largely of ethnic Macedonians (five political parties from the Macedonian political bloc) and ethnic Albanians (two parties from the Albanian political bloc). The Democratic Party of Albanians (DPA) split off from the (ethnic Albanian) Party of Democratic Prosperity (PDP) in the middle of 1990s. Members of other communities, such as Turks, Vlachs, and other smaller ethnic groups, also participate in the government.

The president is elected by universal and direct suffrage, serving a period of five years with a two-term limit. In this semi-presidential system, the strong position of the president is characterized by having the right to veto legislation adopted by a simple majority in the Parliament. The current president, Branko Crvenkovski, succeeded Boris Trajkovski, who died in a fatal air crash. In 2007, the international community expressed concerns over the lack of cohabitation between the prime minister and the president. Namely, considering the importance of Macedonia's Euro-Atlantic aspirations, the president and the prime minister were warned by NATO and European Union (EU) officials that they should cooperate to push forward reforms and accelerate integration of the country into these international institutions. On several occasions, the prime minister and the president had grave disputes over their mutual competences and responsibilities. Cohabitation between the government and the president was seriously interrupted when the president's proposed nominees for ambassadors and members of the Judicial Council were refused.

The OFA was a turning point for improvements in local democratic governance and the preservation of Macedonia's cultural identities, while also acting as a catalyst for the country's entrance into Euro-Atlantic institutions. Still, representation of the country's multiethnic communities in state institutions is low. According to data from 2006, there is serious underrepresentation in many institutions, especially in the police, army, and judiciary. For instance, ethnic Albanians represented 8 percent of the judicial administration and judges, and other communities (combined) accounted for less than 3 percent. On the other hand, representation in educational institutions is proportional to the census data.² For 2008, the government has projected €2.5 million (US\$3.8 million) for accelerating the process of reform and representation of all communities.³

The process of interethnic dialogue was intermittent during 2007. In March, the largest ethnic Albanian political party (Democratic Union for Integration [DUI]) claimed that OFA provisions were not being met and left the Parliament; this was followed by two months of negotiations with the governing party from the ethnic Macedonian political bloc. The finale was an agreement between Prime Minister Nikola Gruevski and the leader of DUI in the presence of the EU representative and endorsed by the U.S. Embassy in Skopje. According to the agreement, five points were to be negotiated: 1) preparing a list of 46 laws to be passed (evaluated against the so-called Badinter Principle); 2) drafting a new law for the composition of the Parliamentary Commission for Relations Between Communities; 3) securing social and material support for the victims of the conflict from 2001 within the framework of existing laws; 4) drafting a new

law for the usage of languages in compliance with OFA and the Constitution; and 5) continuing discussions on increasing the multiethnic character of the state. The governing party stated that consensus was reached only on the first two points of the agreement, while DUI insisted that agreement was reached on all five issues.

Electoral Process

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

Macedonia has universal and equal suffrage, with regular, free, and fair elections conducted by secret ballot. Moreover, the electoral system is free of major barriers to political organization and registration. 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 between different party coalitions representing competing interests and policy options. Although the field of political contenders is generally free from domination by different power groups, the lack of financial transparency of political parties and election campaigns remains a serious issue.

The 120 MPs are elected by proportional representation. There are six electoral districts comprising 20 members each. Parties or electoral coalitions nominate a list of candidates for each district. Votes are cast for a list rather than for individual candidates, and the number of candidates elected from a party's list in each district depends on their share of the vote. There is no minimum threshold for representation in Parliament.

On July 5, 2006, parliamentary elections were held in Macedonia and evaluated by international observers as largely meeting international standards. Yet there was some violence during the campaign and a few irregularities, including ballot stuffing, family voting, and voter intimidation. The Office of the Public Prosecutor initiated procedures against 20 persons suspected of committing election irregularities. The State Anticorruption Commission and the State Audit Office found that campaigns had exceeded the spending limits set by law and that many unreported donations had been received, in particular in the form of underpriced media advertising.

The parliamentary elections brought changes to the composition of the government and the Parliament. The new government coalition is led by VMRO-DPMNE and includes the Democratic Party of Albanians (DPA) as the main coalition partner, together with a number of smaller parties. This coalition holds 63 seats in Parliament.

In 2007, the government proposed amendments to the electoral code that will guarantee 10 parliamentary seats for smaller ethnic minorities: 4 seats for Turks, 2 for Serbs, 2 for Roma, and 1 each for Bosniaks and Vlachs. The proposal was welcomed by the representatives of the ethnic communities but strongly opposed by the ethnic Albanian opposition party DUI, which claimed that guaranteed seats

for other ethnic communities is an attempt to weaken the ethnic Albanian political bloc in Parliament. The reforms mean that ethnic Albanians will have a reduced majority among non-Macedonian MPs. This is particularly significant considering the “double majority” principle required for passing some laws (that is, a majority of MPs overall, as well as a majority of the MPs belonging to ethnic communities).

Three additional guaranteed seats were also proposed for the diaspora community living abroad: one seat for Australia, one for North America, and one for Europe. Under these changes, Macedonian citizens residing abroad would elect their representatives. There was some criticism over exactly how voting would be controlled on foreign territories. As a result of the proposed changes, the number of MPs would increase from 120 to 133. These changes would come into effect at the next parliamentary elections, to be held no later than August 2010.

According to the Organization for Security and Cooperation in Europe, the most recent presidential elections (held in April 2004) were free and fair and generally complied with international standards, with only a few election irregularities, such as proxy voting, political violence, the presence of unauthorized personnel at polling stations, and voter intimidation. The next presidential elections, as well as municipal elections, are due to be held in 2009.

Civil Society

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

After independence in 1991, Macedonia became fertile ground for the development of the civil sector, with around 5,800 nongovernmental organizations (NGOs) established in only 16 years.⁴ Although there are numerous NGOs, the level of citizen participation is low, and the general perception is that Macedonian citizens do not trust the civil sector. According to a recent survey by Citizens’ Platform of Macedonia, only 45 percent of the population has confidence in NGOs. By comparison, NGOs have a higher approval rating than trade unions but lower than religious institutions. One explanation is that citizens, to a large degree, believe that NGOs are misused by political parties.

Regarding the legislative framework, Macedonian civil society is free of state pressure. The sector is regulated by the Constitution, the Law for Citizens Associations and Foundations, and other bylaws and regulations. The Law for Citizens Associations and Foundations was adopted in July 1998 and amended in September 2007. Some NGOs had serious criticisms of the adoption process and content of the law. The Foundation Open Society Institute Macedonia (FOSIM) and Macedonian Center for International Cooperation (MCMS) under the Citizens’ Platform of Macedonia organized a regional conference on the NGO legislative framework, which noted the strict regulations on organizational organs. According to the amendments, employees are prohibited from participating in the

executive bodies of NGOs. However, the main criticism noted that the law does not provide a clear definition or regulations for organizations of public benefit.⁵

In the last few years, there have been some positive developments in Macedonia's third sector. Several think tanks were established and now give significant input to the government on public policy issues. There are many organizations that work actively on the economic and political development of the country. A network of organizations was established in 2006 to provide qualitative and science-based proposals and suggestions to the government.

The adoption of the Strategy for Cooperation of the Government with the Civil Sector is another important recent development. The document proposes concrete measures in legislative and financial areas that will enhance the progress of civil society. According to the strategy, changes will be made to the legislation on capital gains, value added tax, property, and the like. A reduction in the personal income tax from 15 to 12 percent is also foreseen.

Most NGOs in Macedonia are financed by two sources: the EU and U.S. private foundations. However, the general development of the civil sector is hampered by a lack of resources. MCMS and FOSIM are the largest domestic organizations that are financially viable in the long term. Some of the biggest recipients of state aid include the Trade Union Federation, Association of Veterans of World War II, and Association of Women. The most serious obstacles for the further development and improvement of Macedonian civil society are the taxation framework, lack of transparency, corruption, and the highly centralized state.

The links between the media and NGOs strengthened during 2007. It is now common practice for the media to broadcast press conferences or other events organized by NGOs. Also, experts from think tanks are regular guests on news programs and talk shows. Several research initiatives for cooperation between these two sectors were undertaken by the Macedonian Institute for Media (MIM), which organized conferences on EU topics to assist future journalists in understanding EU terminology. Additionally, MIM, in cooperation with different national and local TV and radio broadcasters, launched *Sunday Interview*, where young journalists interview political leaders on various topics of public interest.

Macedonian civil society is technically well equipped, despite the lack of financial resources. NGOs are generally composed of young and well educated persons and are active in a broad range of public interest areas, including health care, the economy, politics, and issues related to trafficking.

Independent Media

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

Article 16 of the Macedonian Constitution, adopted in 2004, guarantees freedom of speech and access to information. Journalists and media outlets are able to form

their own professional associations, and the Association of Journalists and MIM are particularly active. The 2007 World Press Freedom Index by Reporters Without Borders ranked Macedonia 36th out of 168 nations, an increase of 10 places over the 2006 ranking and better than neighboring Albania, Bulgaria, and Serbia.

The Macedonian public enjoys a diverse selection of print and electronic sources of information at both national and local levels, representing a range of political viewpoints. The distribution of privately controlled newspapers and the media's editorial independence and news-gathering functions are free of direct government interference.

In the overcrowded broadcast media arena, hundreds of private outlets compete for audiences. A few television stations are considered to be politically influenced since the owners are also presidents of political parties. A1 Television is owned by Velija Ramkovski, leader of the newly established Party for Economic Renewal, and Sitel TV is owned by Goran Ivanov, son of Ljubisav Ivanov, president of the Socialist Party. Channel 5 is owned by Emil Stojmenov, son of Boris Stojmenov, leader of the VMRO-Vistinska Party. The owner of Telma TV is Makpetrol, a large oil distribution company, while an ethnic Albanian businessman, Vebi Velija, owns the fifth station, Alsat TV.

Since 2004, the country's three best-selling newspapers, *Utrinski Vesnik*, *Vest*, and *Dnevnik*, have been owned by the German media giant Westdeutsche Allgemeine Zeitung (WAZ). The weekly political journal *Aktuel* was discontinued owing to its small circulation. In April 2007, WAZ introduced a successful new quality weekly periodical, *Globus*, which focuses on current affairs and politics.

In 2006, Parliament adopted new freedom of information legislation abolishing imprisonment as a punishment for defamation and libel. Previously, the lack of such legislation not only limited the media's ability to undertake investigative reporting, but, by limiting the factual information available, also contributed to the prosecution of journalists for defamation. Along with changes to the criminal code, Macedonia began implementing the Law on Free Access to Information in the autumn of 2006, but its implementation needs improvement. A report released in late 2007 by the Open Society Institute found that approximately 50 percent of all information requests in the preceding year had been ignored by state institutions.

In the broadcasting arena, only a thorough implementation of the law and regular collection of citizens' fees for the Public Broadcasting Company will secure its funding and raise standards. The Broadcasting Council grants licenses to media outlets and oversees their compliance with regulations and established standards. However, the council is ineffective and subject to political influence. The collection of broadcast licensing fees broke down entirely in early 2007.

Some journalists faced violent incidents and threats in 2007. In May, in response to an opinion piece by Iso Rusi in the Albanian-language daily *Koha*, the DPA (a member of the governing coalition) released a statement containing ethnic and religious slurs, as well as threats of violence. There were two physical attacks on members of the media in October. On the same day that a scuffle broke out in Parliament, a journalist from A1 Television was struck in the face by a DUI party

activist. The next day, a cameraman from Alsat TV was beaten by members of the special police unit, Alpha, for recording members of Alpha at a checkpoint. The next day, the government held a news conference and the entire press corps turned their backs on the prime minister in protest of the events.

Local Democratic Governance

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

In Article 8 of Macedonia's 1991 Constitution, legislators enumerated the right of local government as a basic value. Municipalities are the basic units of local government, with no intermediary levels between municipalities and the central government. Additionally, citizens have the right to establish local communities within municipalities, which oversee this process. Participation in local government takes the form of democratically elected representatives as well as referendums, where citizens may make decisions directly on a particular question.

The process of decentralization in Macedonia has been perceived as a vital step toward improving long held interethnic tensions in the country. The quest for real decentralization, unfortunately, ended with a violent civil conflict in Macedonia, culminating in 2001 with the OFA, which gave a legal basis for changes to legislation related to local government. According to the Congress of Local and Regional Authorities of the Council of Europe Recommendation 217 (2007), on local democracy in the Republic of Macedonia, "The measures taken by the authorities since 2001, and more particularly 2005, represent a significant change and marked progress towards better local democracy, and local authorities have, on the whole, coped satisfactorily with their new responsibilities, and standards of local service have improved."⁶

The conclusion of the OFA and the regulations therein present a turning point for the progress of local government. Broad competences and a strong emphasis on the identity of communities in local government units distinguish the Macedonian local government system. Additionally, the implementation of decentralization has been important for Macedonia's integration into the EU.

The main laws regulating local government are the Law of Local Self-Government, stipulating the main aspects of local government; the Law on Territorial Organization of Local Self-Government, by which municipal boundaries were revised and the number of municipalities reduced from 124 to 84, with the city of Skopje as a separate unit; 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.

Municipalities are assigned numerous competences but remain financially dependent on the central government. A new Law on Balanced Regional Develop-

ment was passed by Parliament and is due to be implemented in January 2008. Also in preparation is a separate Law on Inter-Municipal Cooperation, which aims to reduce regional disparities and enhance local economic development in rural areas.

One of the most visible events in 2007 was the naming of a new minister for local self-government. In June, the former minister resigned as a result of negotiations between Prime Minister Gruevski and the leader of PDP, Abduladi Vejseli. In the same month, PDP joined the government coalition and filled the ministerial post. The replacement was reportedly a result of a political deal struck among the new coalition partners. In another development, fiscal decentralization to municipalities (begun in 2006) entered its second phase in 2007, with only half of municipalities fulfilling the criteria for the second phase. On a more positive note, municipalities reduced their debt by half in 2007.

Still, areas of local governance that need improvement include local efforts to improve services for citizens, mayors fully implementing decentralization measures, and the central government following up transfers of competences with adequate funds to fulfill these responsibilities. Decentralization remains a subject of political disputes instead of being a policy for improving the lives of citizens at the local level.

Judicial Framework and Independence

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

Improving the independence and efficiency of the judicial system continued to be a major challenge in 2007. Although the judiciary is still dependent on politics, in the last months of the year there was evidence of progress in this sector, a point also acknowledged by the international community. According to the Ministry of Justice, around 55 laws related to the judicial system were adopted in 2007, but their implementation is still pending. Apart from the legislation, which in general is in accordance with recommendations of the Council of Europe and the EU, there was a loud public debate among domestic experts over the interference of political parties in the composition of the Judicial Council and the nomination of judges.

The Judicial Council is composed of 13 judges elected by their peers, along with the Minister of Justice and the president of the Supreme Court as *ex officio* members. The new Judicial Council began operating in January 2007 with 10 of its 15 members. In October, an additional 4 members were appointed. Following completion of the council there began the recruitment of judges to the new administrative court and the new court of appeals in Gostivar. However, the new administrative court, which became legally competent for administrative cases as of May 2007, could not become operational since its judges were not yet appointed.

In December 2007, the Law on Public Prosecution and the Law on the Council of Public Prosecutors—the two final laws needed to complete the legislative framework set out in the constitutional amendments of December 2005—were adopted.

The Academy of Judges and Prosecutors was established and became operational. The director and executive director were appointed, and continuous training begun. The program council of the academy was established, and the managing board adopted the implementing legislation for entry tests. The initial training program started in September. Ensuring the function of the academy and promoting continuous training remain essential to improving the professionalism and competence of the judiciary. The 2006 Law on Mediation, which aims to lower court workloads via alternative dispute resolution, also entered into force.

In October 2007, the Constitutional Court ruled on the constitutionality of the 2005 Law on the Use of Cultural Symbols by Ethnic Communities. The ruling found unconstitutional certain articles in the law: specifically, those that regulated the public display of flags by ethnic communities. The ruling was strongly condemned by ethnic Albanian parties, with the governing DPA accusing the opposition DUI of influencing members of the Court. Similar accusations were made by DUI. Three days later, the president of the Constitutional Court and another ethnic Albanian judge resigned in protest over the decision.

Corruption

1999	2001	2002	2003	2004	2005	2006	2007	2008
5.00	5.00	5.50	5.50	5.00	5.00	4.75	4.75	4.50

Given that few cases of corruption have actually been resolved in the 16 years since independence, it is clear that Macedonians have come to accept corruption as part of public life. For experts and citizens alike, the perception is that corruption remains widespread, holding back economic development and weakening social cohesion. International reports and surveys indicate that corruption in Macedonia is a serious and widespread problem that affects many aspects of social, political, and economic life despite the intensification of efforts to fight it and increased awareness of its negative impact on the country.

The new government has declared the fight against corruption to be a priority. The issue was a major theme in the opposition's campaign in the 2006 parliamentary elections, and since it came to power there have been a number of initiatives in this field. In 2007, the government launched a public campaign entitled Macedonia Without Corruption, accompanied by glossy advertising and electronic media to convey the government's message. The purpose of the campaign was to encourage the public to report corruption to the authorities. A special "199"-telephone line was established for this purpose, and about 100 calls were received in the first week.

There have been several high-profile arrests involving misappropriation of public funds and bribery. Some of these cases involve what the media often calls "revenge" or "partisan" arrests against persons close to former government officials (now in the opposition). 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.

One point of concern in 2007 was the public spectacle made of some arrests. In several cases, video footage of arrests was released and broadcast by the media. Such a practice does not conform to international standards regarding the right of citizens to be treated fairly and with a presumption of innocence until proven guilty.

Nevertheless, progress has been made in the fight against corruption and organized crime. In its 2007 Corruption Perceptions Index, Transparency International ranked Macedonia 84th out of 179 countries surveyed, a significant improvement over its ranking of 105th in 2006. The improvement was also noted by the European Parliament in its 2007 progress report on Macedonia. The report called for the government to continue with reforms, especially in implementing anticorruption legislation and reform of the judiciary.

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- ¹ A public opinion survey about citizens' views on political parties and party leadership, conducted twice in 2007 (February and September) by the Institute for Democracy Societas Civilis (IDSCS), showed that public opinion toward Parliament had not changed during the year. The average grade that the citizens gave for the work of the Parliament was 2.3 in both surveys (on the 1–5 scale, with 1 worst, 5 best). See http://www.idscs.org.mk/upload/news/IDSCS-Soopstenie_za_javnost-anketa_septemvri.pdf.
 - ² Last official data published on the Web site of the Sector for Implementation for Ohrid Framework Agreement, SIOFA, www.siofa.gov.mk.
 - ³ “Pet godini po ramkovniot dogovor—Pravicnata zasapenost e pod 20%” [Five Years After the Framework Agreement—Equal Representation below 20 Percent], *Dnevnik*, September 11, 2007.
 - ⁴ According to the 2003 Index of Civil Society from CIVICUS, in 2003 the total number of citizens associations was 5,769.
 - ⁵ Information about the Regional Conference On Legislative and Fiscal Framework of NGOs, September 24–25, 2007, Foundation Open Society Institute–Macedonia, available at <http://www.soros.org.mk> and <http://www.gpm.net.mk>.
 - ⁶ Recommendation 217 (2007) on local democracy in “the Former Yugoslav Republic of Macedonia,” adopted by the Congress of Local and Regional Authorities of the Council of Europe on June 1, 2007 (see document CPL(14)2REC, draft recommendation presented by J.-C. Frécon [France, L, SOC]).