



Funded by
the European Union



USAID
FROM THE AMERICAN PEOPLE



MACEDONIAN
CENTER FOR
INTERNATIONAL
COOPERATION



SELDI.net
Southeast European Leadership for
Development and Integrity

2023
REPORT
CORRUPTION
ASSESSMENT
REPORT ON
NORTH MACEDONIA



Funded by
the European Union



USAID
FROM THE AMERICAN PEOPLE



MACEDONIAN
CENTER FOR
INTERNATIONAL
COOPERATION



SELDI.net
Southeast European Leadership for
Development and Integrity



2023
REPORT
CORRUPTION
ASSESSMENT
REPORT ON
NORTH MACEDONIA

CORRUPTION ASSESSMENT REPORT ON NORTH MACEDONIA 2023

Original title:

Извештај за процена на корупцијата во Северна Македонија
2023

Publisher:

Macedonian Center for International Cooperation (MCIC)

Editor:

Aleksandar Krzalovski, Director

Authors:

Jasmina Ristovska, Natasa Dimova, Snezana Kamilovska Trpovska,
Fanija Ivanovska and Jasmina Chaushoska (MCIC)

Contribution:

Misha Popovik, Institute for Democracy Societas Civilis Skopje

Proofreading:

Daniel Medaroski

Translation:

Evdokija Atanasovska

Design:

Koma Lab.

ISBN: 978-608-4848-57-8

Skopje, 2024r.

CIP – Cataloging in Publication National and University Library "St. Kliment Ohridski", Skopje
343.352(497.7)"2023"(047)

Corruption Assessment REPORT on North Macedonia 2023 / [authors Jasmina Ristovska, ... et al.]. - Skopje: Macedonian Center for International Cooperation (MCIC), 2023. - 78 p.: tables, graphs; 25 cm

Available at: <http://www.mcms.mk/>. - Footnotes. - Authors: Natasa Dimova, Snezana Kamilovska Trpovska, Fanija Ivanovska and Jasmina Chaushoska.

ISBN 978-608-4848-57-8

1. Ristovska, Jasmina [author] 2. Dimova, Natasa [author] 3. Kamilovska Trpovska, Snezana [author] 4. Ivanovska, Fanija [author] 5. Chaushoska, Jasmina [author]

a) Corruption -- Macedonia -- 2023 -- Reports

COBISS.MK-ID 63328517

The opinions expressed here are those of the authors and do not necessarily reflect the views of the Macedonian Center for International Cooperation.

All rights reserved. Any reproduction, copy, transmission or translation of any part of this publication may be made only under the following conditions: with prior permission of the publisher, with a purpose to be quoted in a paper, and under the conditions laid out below.

Copyright of this publication is protected, but the publication may be reproduced in any way and without charges for educational purposes only. For copying in other circumstances, for use in other publications, or for translation or adaptation, prior permission of the publisher should be obtained.

The electronic version of this publication is available on www.mcms.mk и www.seldi.net

This publication is funded by the European Union. The contents of this publication are the sole responsibility of the authors and in no way reflect the views of the European Union.

This publication has been produced by the Macedonian Center for International Cooperation with support from the American people through the United States Agency for International Development (USAID). The opinions expressed in this publication, Corruption Assessment Report on North Macedonia 2023, are those of the authors and do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

Contents

List of Abbreviations	5
Preface.....	7
Introduction	8
Methodology.....	8
1. LEVEL OF CORRUPTION	10
1.1. Corruption indexes.....	11
1.2. Corruption as a social problem	12
1.3. Factors that impact the spread of corruption.....	13
1.4. Experience with corruption	14
1.4.1. Corruption-related judgements.....	14
1.4.2. Corruption pressure and involvement in corruption	15
1.5. Attitudes towards corruption	18
1.5.1. Awareness of corruption	18
1.5.2. Acceptability	20
1.5.3. Susceptibility	21
1.6. Perception of corruption: Curbing corruption potential	22
1.6.1. Likelihood of corruption pressure.....	22
1.6.2. Corruption proliferation (by professions).....	23
1.6.3. Corruption in the state institutions (vulnerable sectors).....	25
1.6.4. Feasibility of policy responses to corruption	26
1.7. Trust in anticorruption institutions	27
2. ANTICORRUPTION POLICIES AND REGULATORY ENVIRONMENT	30
2.1. Existing anticorruption strategies, action plans and programs	31
2.2. Specialized anticorruption law	32
2.3. Anticorruption legislation.....	33
2.4. Legal framework for fight against corruption in the judiciary.....	35
2.5. Other legal instruments in the fight against corruption.....	37
2.6. “Corridors” Case.....	39
2.7. Corruption risk assessment and prevention of corruption in the institutions	40

3. INSTITUTIONAL PRACTICES AND ENFORCEMENT OF THE LAW	42
3.1. General institutional developments	43
3.2. Specialized anticorruption institution	44
3.3. Anticorruption mechanisms in decision making processe	46
3.4. Role of the Civil Society Organizations in drafting anticorruption legislation	47
3.5. Other state control bodies contributing to the fight against corruption.....	48
3.5.1. Inspection Council	48
3.5.2. State Audit Office	49
3.5.3. Public Revenue Office	50
3.5.4. Customs Administration	51
3.6. Public Procurement	51
4. JUDICIARY IN ANTICORRUPTION	54
5. CORRUPTION AND THE ECONOMY	58
5.1. Situation in the country	59
5.2. Measures in combatting the gray economy	62
6. CIVIL SOCIETY IN ANTICORRUPTION	64
6.1. Activities of the Civil Society Organizations for Anticorruption	65
6.2. Media	66
7. INTERNATIONAL COOPERATION	69
 Conclusions	 71

List of Abbreviations

GDP	Gross Domestic Product
VMRO-DPMNE	Internal Macedonian Revolutionary Organization - Democratic Party for Macedonian National Unity
GRECO	Group of States Against Corruption
VAT	Value Added Tax
DUI	Democratic Union for Integration
SAO	State Audit Office
SCPC	State Commission for Prevention of Corruption
SEC	State Election Commission
SSO	State Statistical Office
ENER	Unique National Electronic Register of Regulations
LAF	Law on Associations and Foundations
ACCMIS	Automated Court Case Management Information System
IRL	Investigative Reporting Lab
UNCAC	United Nations Convention Against Corruption
MCIC	Macedonian Center for International Cooperation
IFES	International Foundation for Electoral Systems
IMF	International Monetary Fund
MOI	Ministry of Interior
MISA	Ministry of Information Society and Administration
MLSP	Ministry of Labor and Social Policy
UN	United Nations
BPPO-POCC	Basic Public Prosecutor's Office for Prosecution of Organized Crime and Corruption
UNDP	United Nations Development Program
RIA	Regulatory Impact Assessment
p.p.	Percentage points
RNM	Republic of North Macedonia
SEA	Secretariat for European Affairs
CMS	Corruption Monitoring System
SDSM	Social Democratic Union of Macedonia
SPPO	Special Public Prosecutor's Office
UBK	Administration for Security and Counter Intelligence
PRO	Public Revenue Office
CSD	Center for the Study of Democracy
CDAD	Central Donor Assistance Database
CRRNM	Central Registry of the Republic of North Macedonia
SDC	Swiss Agency for Development and Cooperation



Preface

The Corruption Assessment Report is a comprehensive overview of the state of affairs and dynamics of corruption in North Macedonia. The basis of this report is the Corruption Monitoring System (CMS) developed by the Center for the Study of Democracy (CSD) from Bulgaria. CMS was implemented for the first time in North Macedonia in 2001 within the comparative analysis of corruption in Southeast Europe conducted by the network of civil society organizations “Southeast Europe Leadership for Development and Integrity” - SELDI (Southeast Leadership for Development and Integrity - SELDI). The CMS is based on various sources of information and combines quantitative and qualitative methods for monitoring and the assessment of corruption. The CMS has gained acknowledgement from the United Nations (UN) as a best-practice system for monitoring corruption at the national level and it is coherent with the UN victimization approach to measuring administrative corruption levels. The CMS is based on various sources of information and combines quantitative and qualitative monitoring and assessment methods.

The report consists of seven chapters. The first chapter analyzes the level of corruption in North Macedonia based on the findings of the population survey on the perception and experience with corruption and on certain issues compared with secondary data. Through seven indexes, this chapter gives an answer about the actual experience of citizens with corruption, their attitudes towards corruption and the perceptions about corruption. Anticorruption policies and the regulatory environment are presented in the second chapter, while institutional practices and enforcement of the law are covered in the third chapter. The fourth topic of this report is the role of the judiciary in tackling corruption, while the fifth one deals with the environment and the impact of the effects of corruptive acts on the development of the economy. The sixth and seventh chapters refer to civil society and its role in the fight against corruption, as well as international cooperation and support for anticorruption policies and measures.

The report was prepared by the Macedonian Center for International Cooperation (MCIC) as part of the “Civil Society for Good Governance and Anti-Corruption in Southeastern Europe: Building Capacity for Evidence-Based Advocacy, Policy Influence and Civic Engagement (SELDI.net)” project, supported by the European Commission and “Citizens Against Corruption” project, supported by the United States Agency for International Development (USAID).

Aleksandar Krzalovski | Director | Macedonian Center for International Cooperation

Introduction

Within the “Civil Society for Good Governance and Anti-Corruption in South East Europe: Building Capacity for Evidence-Based Advocacy, Policy Influence and Civic Engagement (SELDI.net)” and “Citizens Against Corruption” projects, MCIC issues the “Corruption Assessment Report on North Macedonia”.

MCIC prepared a Corruption Assessment Report in 2014 and in 2016, as part of USAID Anti-Corruption Program, in 2018, as part of the “Monitoring the work of the SCPC” project, supported by the British Embassy, and in 2019 and 2021, as part of “Civil Society for Good Governance and Anti-Corruption in South-Eastern Europe: Building Capacity for Monitoring, Advocacy and Awareness Raising” project, supported by the European Commission.

The Corruption Assessment Report is a comprehensive overview of the state of affairs and dynamics of corruption in North Macedonia. The methodology for the preparation of this report relies on diverse sources of information and combines quantitative and qualitative corruption monitoring and assessment methods, including a population survey. The report consists of seven chapters: level of corruption, policies, institutions, judiciary, economy, civil society and international cooperation.

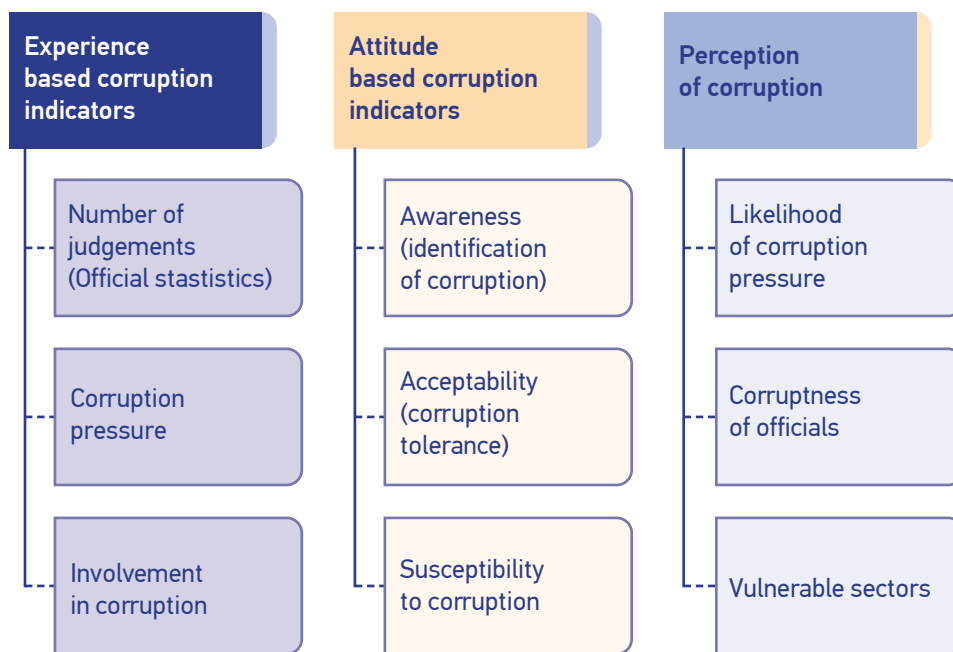
Methodology

The Corruption Assessment Report is based on the Corruption Monitoring System (CMS) methodology, developed by the Center for the Study of Democracy (CSD) from Bulgaria. The report analyzes both primary data obtained from the adult population survey and secondary data.

The primary data of this report are mostly used in chapter 1 – Level of corruption, chapter 5 – Corruption and the Economy and chapter 6 – Civil Society in Anticorruption.

Unlike the previous surveys, when a field survey was conducted, this round of CMS was conducted by means of a telephone survey. The telephone survey was conducted on a representative sample (hereinafter referred to as a population survey) of 1,017 respondents, conducted by IPSOS in the period between July 3 and 26, 2023. The sampling frame was the population older than 18 years, whereas the representativeness criteria were: gender, ethnicity, age, place of residence and regions. Within the sample, 51% were women and 49% were men, while in terms of ethnic representation, Macedonians were represented by 68% and Albanians by 22%, other ethnic groups were represented by 10%. Regarding the place of residence, the rural population was represented by 38%, while the urban population was represented by 62%.

Figure 1.
Main indicators in the Corruption Monitoring System



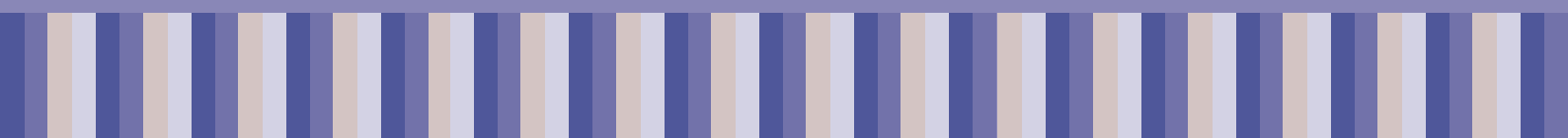
This system provides for a dynamic comparison of the data obtained by monitoring in different countries and different time periods in terms of the scope, areas and forms of corruption. It consists of three groups of indicators that provide an overview of corruption formally grouped into seven indexes (described in more detail in chapter 1 - Level of corruption).

The report uses a multitude of secondary data, such as analysis of laws and by-laws, strategies and other documents, reports of relevant institutions and civil society organizations. Some of the data was obtained from the state administration bodies through directly submitted requests for public information. The purpose of the secondary data is to provide an idea of the overall environment that affects corruption in North Macedonia, and above all, the legal framework and the efficiency of the institutions in several areas.

1.

Level of corruption

This section of the report is based on primary data obtained from the population analysis described in the Methodology section and provides the basis for the CMS.



1.1. Corruption indexes

CMS provides a systematic overview of corruption in the country through seven indexes constructed on the basis of corruption indicators. The seven indexes are recorded through the data obtained from the perception- and victimization-based survey conducted on the adult population and they are divided into three groups:

1. **Actual experience with corruption**
comprised of indexes on pressure and involvement;
2. **Attitudes towards corruption**
analyzed through the indexes of awareness, acceptability and susceptibility; and
3. **Perceptions of corruption**
based on indexes of likelihood of pressure and spread of corruption.

The three groups of indexes outline the corruption and anticorruption balance in the country. Experience fuels perceptions (higher actual corruption pressure is associated with higher perceptions of the spread of corruption) and attitudes (involvement might increase acceptability), while on the other hand, attitudes (susceptibility) might reiterate that corruption experience and perceptions might shape attitudes.

Figure 2.
*Interaction
between
corruption
indicators*



Source: State Statistical Office

The CMS corruption indexes take values between 0 (no corruption) and 100 (absolute corruption). Yet, the values' interpretation varies depending if the experience and attitudes or perceptions are taken into consideration. In the experience and attitude indexes, each value above 5 is already an indicator of a significant corruption problem. In the perception indexes, the values higher than 50 should be considered as serious corruption problem.

1.2 Corruption as a social problem

Unlike previous years, in 2023 as well as in 2021, the citizens perceive corruption as the biggest social problem. It is worth noting the fact that 63.5% of respondents, significantly more than 46.1% in 2021, ranked corruption as the biggest problem among the 11 options offered.

Table 1.

North Macedonia: key problems, 2018, 2019, 2021 and 2023

(percentage of population that has identified the respective factors as a problem)

Category	2023	Category	2021	Category	2019	Category	2018
Corruption	63.5	Corruption	46.1	Unemployment	41.2	Unemployment	47.1
Political instability	38.6	Unemployment	40.4	Low income	38.5	Political instability	38.6
Poverty	25.5	High prices	39.6	Political instability	34.0	Low income	36.4
Crime	25.3	Low income	37.5	Corruption	29.5	Poverty	36.2
Low income	24.2	Poverty	29.9	Poverty	28.3	Corruption	28.4
Healthcare protection	19.0	Political instability	24.5	Environmental pollution	27.7	High prices	25.8
Unemployment	17.9	Crime	21.6	High prices	23.2	Crime	20.5
High prices	16.2	Healthcare protection	17.1	Crime	20.4	Environment pollution	18.6
Education	14.0	Education	11.6	Healthcare protection	12.6	Ethnic issues	13.2
Ethnic issues	7.8	Ethnic issues	8.2	Ethnic issues	11.3	Healthcare protection	10.6
Environmental pollution	6.0	Environmental pollution	6.8	Education	6.7	Education	5.1

Source: Corruption Monitoring System, 2023

In 2023, there is a notable intertwining of social and societal problems in the first five places, thus following corruption, political instability, poverty, crime and low income are identified as the biggest problems by the citizens. What is notably different from the previous years is that healthcare protection is slowly climbing the ladder of problems.

In 2023, same as in 2021, ethnic issues and environmental pollution as problems took the last two places.

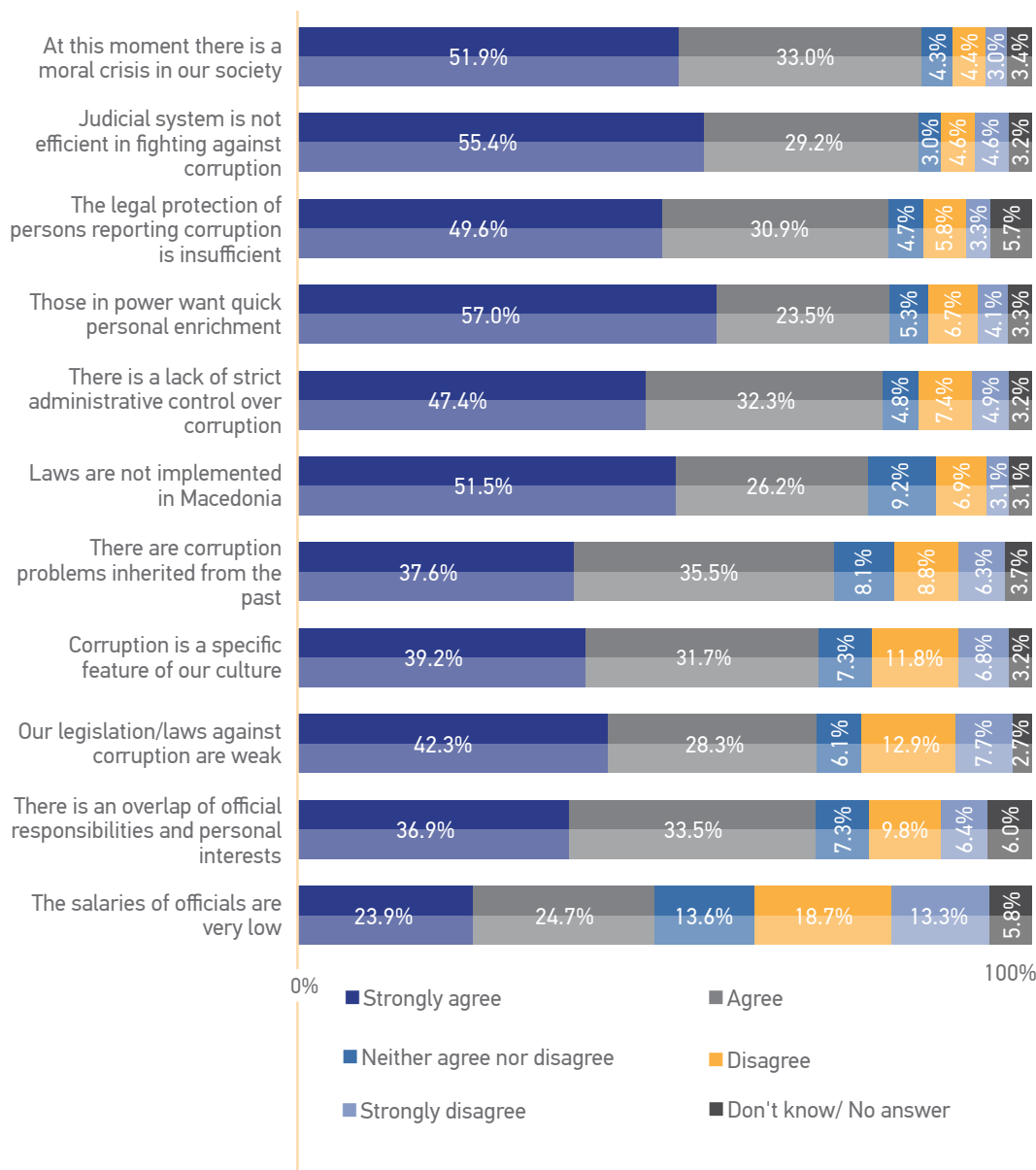
If organized crime and corruption are correlated and both problems are considered as conditions that have the same background and require related measures for their suppression, one comes to the conclusion that for the citizens the very fight against corruption and organized crime is far at the top of social problems.

1.3. Factors that impact the spread of corruption

For more than 80% of the Macedonian citizens, the existence of a moral crisis in society, followed by the inefficiency of the judicial system in the fight against corruption, the desire for quick personal enrichment of those in power, as well as the insufficient protection of persons who report corruption are leading factors for the widespread corruption. The majority of the citizens consider that all factors, except for the fact that officials have low salaries (see Figure 3), impact the spread of corruption.

Figure 3.

Factors that impact the spread of corruption in North Macedonia, 2023



Source: Corruption Monitoring System, 2023

If we consider the demographic point of view, there is no significant difference in the perception of how certain factors impact the spread of corruption in North Macedonia.

It is notable that both Albanians and Macedonians agree to the greatest extent on the factors that influence the spread of corruption, and it is also notable that there is a certain difference in attitudes in only two of the factors. Thus, 57.3% of the Macedonians, compared to 47.6% of the Albanians, agree that the salaries of officials are low, while for 71.8% of the Macedonians, compared to 81.3% of the Albanians, the laws are not implemented in North Macedonia.

66% of the Macedonians and 72.3% of the Albanians agree with the statement that corruption is a specific feature of our culture, while 78.6% of the Macedonians and 83.4% of the Albanians agree with the statement that the desire for quick personal enrichment of those in power is the leading factor for widespread corruption.

It is interesting to emphasize that the VMRO-DPMNE supporters (86.3%) and the DUI supporters (80.0%), compared to the SDSM supporters (65.5%), consider that the desire for quick personal enrichment of those in power contribute to corruption.

1.4. Experience with corruption

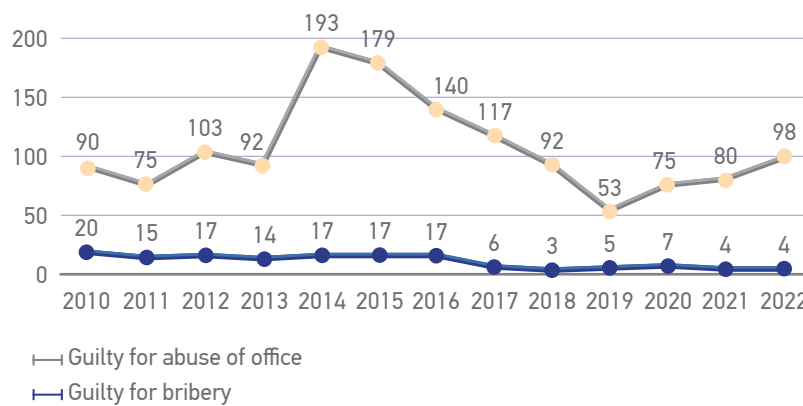
The first group of indicators reflecting the experience with corruption analyze three aspects. First, it is necessary to get (secondary) statistics about the number of judgements related to corruptive acts that could be compared afterwards with the findings of the population survey and refer to the corruption pressure and involvement in corruption. In fact, the corruption pressure and involvement in corruption are the two indexes which provide an overall picture of the actual experience with corruption.

1.4.1. Corruption-related judgements

The State Statistical Office's data suggest that the number of persons convicted as guilty for abuse of office in North Macedonia varies in the range from 90 persons in 2010 to 75 persons in 2020, 80 in 2021 and 98 in 2022.

There is a notable variable trend between 2010 and 2020, whereby the average in the first four years was 90 people, while in 2014 it reached the peak of 193 people, to further decrease continuously to 92 persons in 2018, then the lowest number of 53 convicted persons in 2019, and already since 2020 there has been a constant increase noted. The number of people convicted of giving or receiving bribes is very small. There is a noticeable trend of decreasing the number of these persons. The largest number of persons convicted as guilty of giving and receiving bribes was 20 persons in 2010, and the lowest number of 3 in 2018. The trend of a small number of convicted persons continued in 2021 and in 2022 with 4 convicted persons per year.

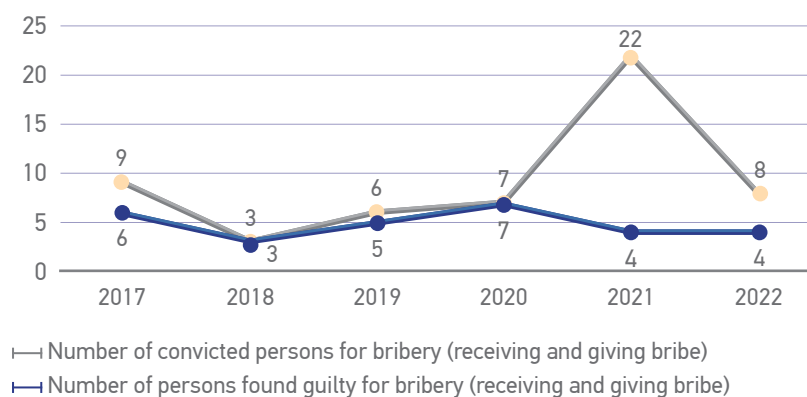
Figure 4.
Number of persons convicted as guilty for abuse of office and bribery (receiving and giving bribe) (2010-2022)



Source: Makstat database¹

According to the data in the following figure, we can compare the number of convicted persons against the number of persons found guilty of receiving and giving bribe for the period 2017-2022. (according to the available data in the Makstat database).

Figure 5.
Number of convicted persons and number of persons found guilty for bribery (receiving and giving bribe)



Source: Makstat database²

1.4.2. Corruption pressure and involvement in corruption

In order to understand the dynamics of corruption, the CMS uses the corruption pressure, or potential corruption, that is, how many would give bribe if asked by an official. This index is measured based on the contacts with the public officials and their request to be given a certain amount of money, gift, or favor. The pressure is accompanied by the clear demand (explicitly asked) or shown (through key phrases or signs) that the official expect something in return.

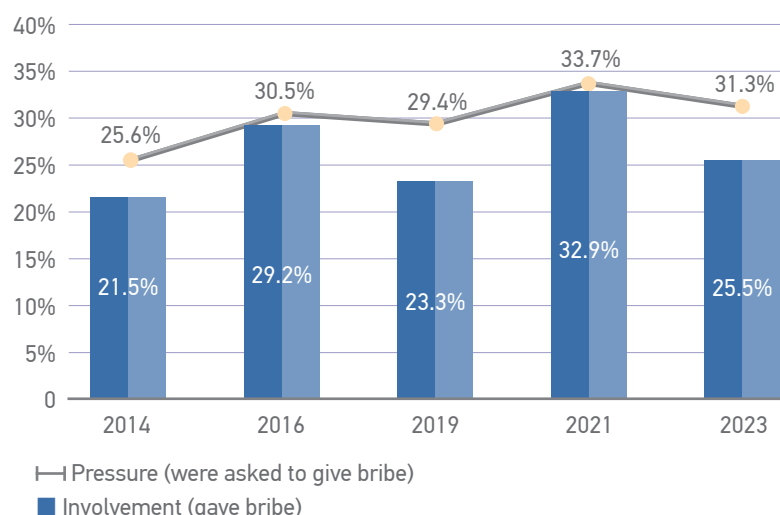
The survey indicates that 31.3% of citizens were exposed to corruption pressure, while 25.5% were involved in corruption. In fact, this means that there is a decrease of corruption pressure for 2.4 percentage points (p.p.) and a decrease of involvement in corruption for 7.4 p.p. compared to 2021.

There is also a notable increase in the difference between pressure and involvement in 2023, suggesting also an increase in citizens' resilience to corruption.

1 *Ibid*

2 *Ibid*

Figure 6.
Corruption pressure and involvement in corruption
% of the population 18+ were asked to give or gave bribe (money, favor, gifts) in the last year



Source: Corruption Monitoring System, 2023

Table 2.

Projections of corruption pressure and involvement in corruption

	Survey results	Number of population (projection)
Pressure	31.3%	456.827
Involvement	25.5%	371.924

Source: Corruption Monitoring System, 2022 and Population projections 20223 of State Statistical Office: estimation database of 1.461.223 of 18+ population

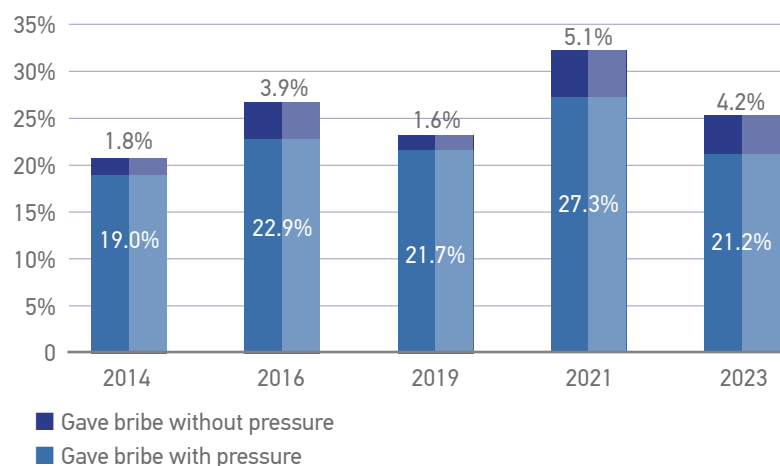
Despite the decrease in pressure and involvement, this projection indicates that a large number of the citizens have experience with corruption, that is, almost 460 thousand adult citizens were asked for a bribe at least once and over 370 thousand citizens gave bribe at least once in the past year. Such projections indicate a wide spread of administrative corruption.

Regarding the involvement in corruption, if we assume that it refers to individual cases, we talk about a potential minimum of 371,924 corrupt acts committed. If we compare it with the total number of convicted persons in 2022 for abuse of office and convicted persons for receiving and giving bribe (total of 98 persons), we get the institutions' efficiency rate of 0.026%, or it is the percentage of cases being processed, compared to those that we assume that happen.

The analysis of involvement, based on the presence of corruption pressure or not, indicates an improvement, compared to 2021. In 2023, every fifth citizen who was asked for a favor in return, a gift or money, did so, while 4.2% of citizens gave a bribe, although they did not experience pressure to do so.

3 Вкупно проценето резидентно население на Република Северна Македонија, состојба 31 декември. PxWeb (stat.gov.mk)

Figure 7.
Involvement
in corruption
with or without
corruption
pressure



Source: Corruption Monitoring System, 2023

In order to determine the administrative corruption, it is important to also observe the intensity of the interaction of the citizens with the administration and thus identify the corruption pressure. In the past year, 9.6% of the citizens faced a direct demand to give a bribe in every case or in most of the cases of interaction, and for 15.8% of the citizens in the interaction there was a signal that the administrative officials have such expectations.

These data indicate a certain decrease in direct corruption pressure compared to 2021, when 11.7% of the citizens faced a direct demand for a bribe, while an increase was noted in the indirect demand for a bribe compared to 2021, when it was 14.2%.

About 40% of the citizens responded that they had no interaction with the administration in 2022.

Table 3.
Corruption pressure intensity (%)

How often	Directly demanded money, gift or favor	Not demanded directly, but signaled that they expected money, gift or favor
In all cases	2.6	4.0
In most of the cases	7.0	11.8
In isolated cases	10.2	13.6
In no case	40.4	30.8
No contact/ Don't know/ No answer	39.7	39.7

Source: Corruption Monitoring System, 2023

From an ethnic point of view, unlike 2021, there is a greater number of Macedonians (37.6%) compared to the Albanians (22.8%) who had, in all or in most of the cases, to give money, gift, or do a favor in return when they had contact with officials in the public sector (see Table 4).

Table 4.*Experience with corruption (%)*

		National average	Macedonians	Albanians
Give cash (money) to the official	In all cases	3.1	2.1	7.0
	In most of the cases	6.7	8.6	1.8
	In isolated cases	13.9	12.3	21.1
	In no case	75.1	76.0	68.4
	Don't know/No answer	1.2	1.0	1.8
Give gift to the official	In all cases	3.6	2.7	5.3
	In most of the cases	7.4	10.3	0.0
	In isolated cases	17.9	14.2	33.3
	In no case	70.5	72.1	61.4
	Don't know/No answer	0.6	0.6	0.0
Do a favor to the official	In all cases	3.5	3.3	3.5
	In most of the cases	8.6	10.5	5.3
	In isolated cases	19.7	19.3	28.1
	In no case	67.2	65.9	63.2
	Don't know/No answer	0.9	1.0	0.0

Source: Corruption Monitoring System, 2023

1.5. Attitudes towards corruption

The three main attitudes necessary to understand the dynamics of the corruptive behavior are: awareness of the corruptive behavior and how well the citizens understand and recognize what corruption is, then the acceptability, or tolerance to corruption and susceptibility to corruption.

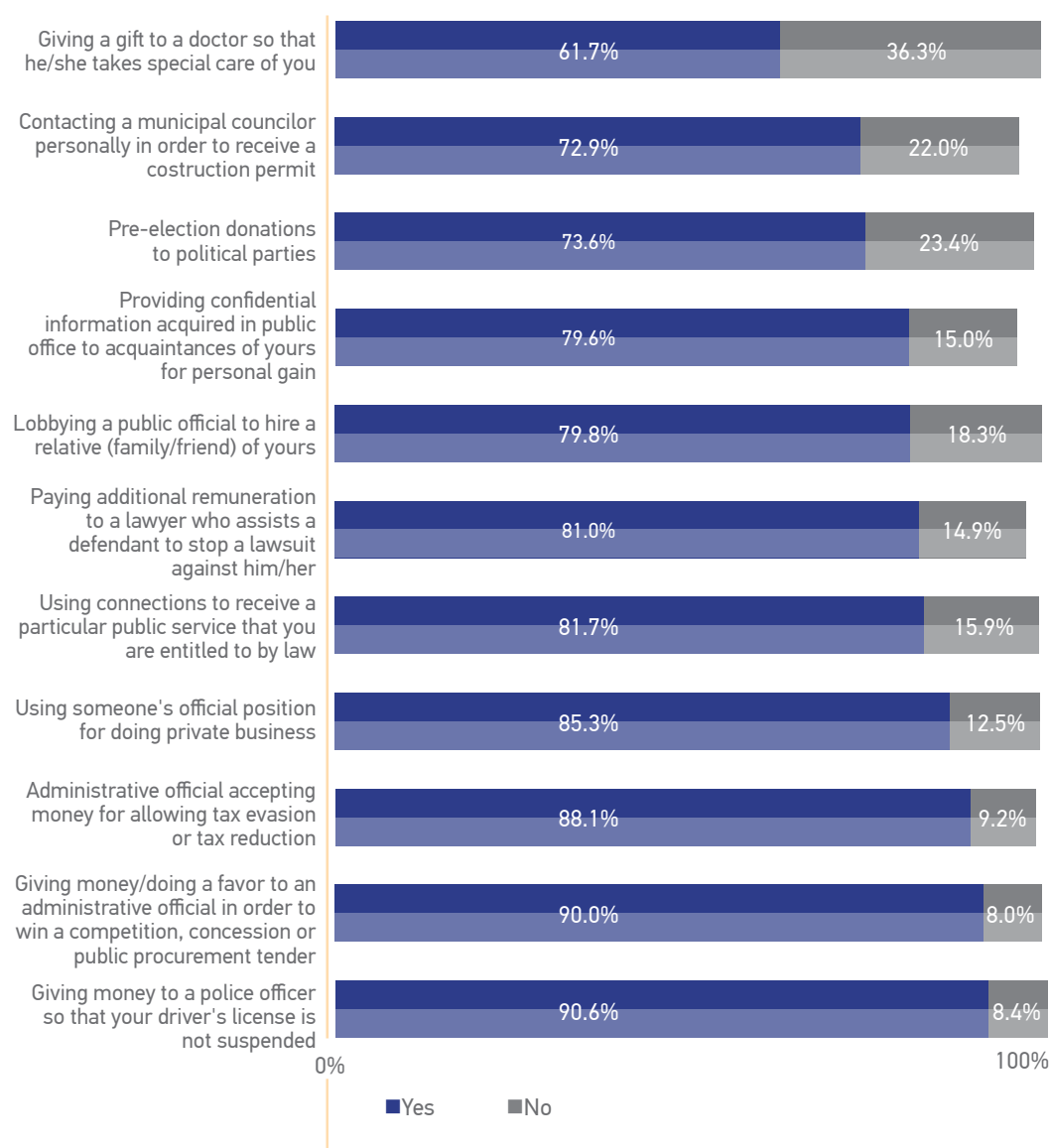
1.5.1. Awareness of corruption

The data indicate that the citizens have a high level of awareness and that is why they are a reliable source for making conclusion from the population surveys. The citizens do not only recognize the bribe given in cash, but they also recognize other more complex forms of corruption, such as nepotism, clientelism, etc. Thus, to the question, which of the following activities are examples of corruption, in all listed situations, the majority of the citizens recognize them as corruption. The majority ranges from 61.7% to 90.6%, whereby the most

indicating giving money to a police officer so that their driver's license is not suspended, then giving money/doing a favor to an administrative official to win a competition, concession or public procurement tender, administrative official accepting money for allowing tax evasion or tax reduction, etc.

However, even though the majority of the citizens who recognize all the listed activities as corruption, it is worth noting that more than one-third of the respondents consider that giving a gift to a doctor so that he/she takes special care is not corruption (36.3%), then more one-fifth consider that pre-election donations to political parties (23.4%) and contacting a municipal councilor personally in order to receive a construction permit (22.0%) do not constitute corruption.

Figure 8.
Awareness for recognizing corruption in different everyday practices



Source: Corruption Monitoring System, 2023

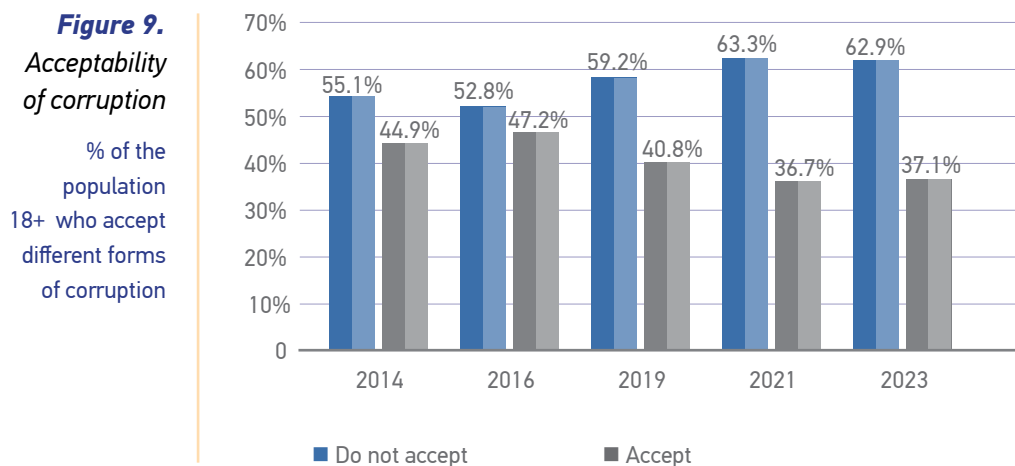
1.5.2. Acceptability

The number of the citizens who do not approve of corruption remains at the same level as in 2021, by 4 p.p. more compared to 2019 when 59.2% did not approve of corruption. According to the data from this analysis, 62.9% of citizens do not approve of corrupt practices. The index reflects the extent to which the corrupt practices or corruption are tolerated within the value system of society. It should be noted that the citizens' disapproval of corruption rises if the corruption includes money.

The survey indicates that unlike the previous survey the acceptability of a gift/service/lunch for officials at ministries and municipalities to solve a personal problem is almost the same in relation to the acceptability of MPs or ministers for doing the same thing. Also, according to the data, 90.0% of the citizens consider that it is unacceptable for officials at ministries and municipalities, as well as MPs and ministers to take cash for solving a personal problem.

If we take into account the different forms of corrupt practices and compare them with those who do not accept any form of corruption at all, we will get a ratio of 62.9% of those who would not accept, compared to 37.1% of persons who would accept such behavior, similarly as in 2021. Such figures are encouraging in relation to the surveys in 2016 and 2019, when the ratios were 52.8-47.2% and 59.2%-40.8% respectively.

The new generation (18-29 years old) is becoming less tolerant to corruption compared to previous waves of survey. Thus, unlike the previous years, in this survey, there are no particularly significant differences between age groups noted, which goes in the direction of the general increase of intolerance towards corruption. This year, over 80.0% of respondents of this age group consider all corrupt practices unacceptable, which puts them on the same level as other groups.



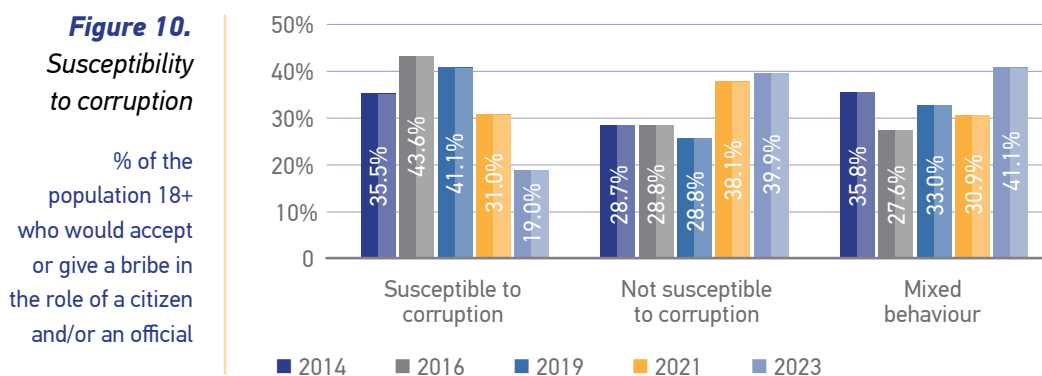
Source: *Corruption Monitoring System, 2023*

If we make a projection according to the last assessment of the population, for 540.653 citizens in North Macedonia, the corruption is an acceptable way of behavior. Even though compared to previous surveys the number has decreased, the size of this number still represents a significant problem in the development of anticorruption policies, because corrupt behavior can be easily exploited by political or business factors.

1.5.3. Susceptibility

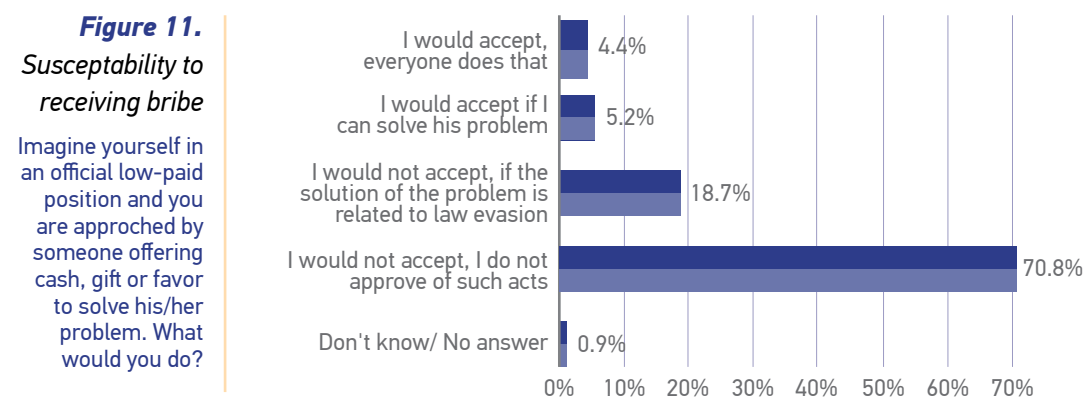
The susceptibility index measures the citizens' inclination to compromise on their values under the pressure of circumstances, that is, when faced with real life situations, which require taking a decision whether to use corruption or not, knowing that there will be immediate consequences for the decision maker. This index is combination of two questions, the situation when the citizens were asked to pay certain monetary compensation, to give a gift or to provide a favor to resolve a problem, and second, a hypothetical situation of placing the respondent in the position of an underpaid civil servant, and his/her conduct in relation to the offered money, gift or favor.

There is a notable decrease in the susceptibility to corruption compared to previous years. Namely, almost every fifth citizen (19.0%) is subject to corruption, compared to 31.0% in the 2021 survey. The decrease in the percentage of those susceptible to corruption in 2023 means that the number of those citizens with mixed behavior has increased, and the data that the number (39.9%) of the citizens who are not susceptible to corruption has increased is encouraging.



Source: Corruption Monitoring System, 2023

The acceptability of corruption by the citizens in 2023 sends mixed signals. In 2023, 70.8% compared to 59.0% of respondents in 2021, said that in the role of low-paid officials, they would never accept a bribe offered because they do not justify such actions, and 18.7% of respondents in 2023 compared to 32.0% in 2021, would accept a bribe if it did not mean a violation of the law.

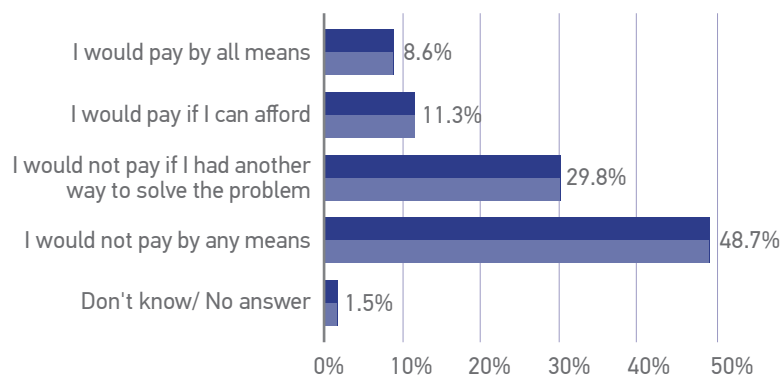


Source: Corruption Monitoring System, 2023

Regarding the susceptibility to giving a bribe, 8.6% of the citizens said they would pay by all means, 11.3% would pay if they can afford, 48.7% would not pay by any means, while 29.8% would not pay if they had another way to solve the problem.

Figure 12.
Susceptibility to giving bribe

If you had a major problem and an official directly demanded cash to solve it, what would you have done?



Source: Corruption Monitoring System, 2023

The projection of the percentages to the adult population (1.461.223) in North Macedonia indicates that 711.615 of the citizens are not susceptible to corruption, but additional 435.444 citizens would pay, if there is no other way. At this moment, it means a limited source of resilience to the attempts to circumvent the rules, as well as limited human potential to collectively fight corruption. The result indicates that it would take time to reach a bigger critical mass which could fill in the ranks of the administration, politics and business needed to successfully fight corruption.

1.6. Perception of corruption: Curbing corruption potential

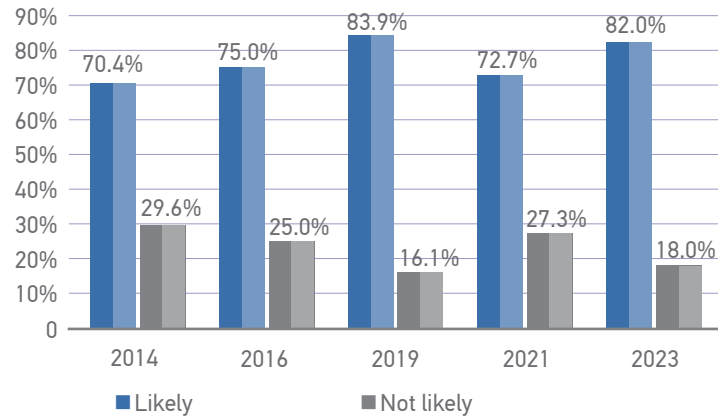
The third group of indicators refers to the perception of corruption and it is based on indexes of likelihood of corruption pressure and spread of corruption. In this section as a third indicator to obtain the overall picture of perception is the one dedicated to the vulnerability of different sectors. At the same time, by this group of indicators, the potentials for the possible tackling corruption in the future are projected. Thus, the efforts for curbing corruption can be measured by an analysis of the corrupt behavior of different state institutions based on the perception of the citizens and as a source of pressure, but also by the potential corruption pressure and by the assessment of the feasibility of policy responses to corruption.

1.6.1. Likelihood of corruption pressure

The most of the citizens consider that the corruption pressure will also continue to exist in the future. In 2023, 82.0% of the citizens (72.7% in 2021) consider that the corruption pressure is likely or very likely, versus the small part of 18.0% (27.3% in 2021) of the citizens who consider that the exposure to corruption pressure would be not very likely or not likely at all. Despite the decrease in the actual pressure and involvement, this is a significant increase of the perception of likelihood of corruption pressure compared to 2021, and sends negative signal among the citizens that there will be an opportunity to tackle corruption.

Figure 13.
Perceptions of likelihood of corruption pressure

% of the population 18+ who consider that corruption pressure is very likely, likely v/s not likely and not likely at all



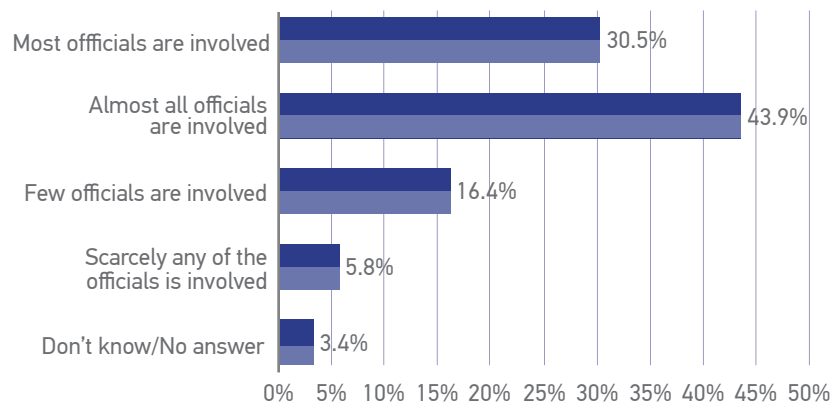
Source: Corruption Monitoring System, 2023

1.6.2. Corruption proliferation (by professions)

The opinion of the citizens that corruption is largely proliferated among the officials and in the public administration noted an increase in 2023. Unlike 2021 when 69.0% of respondents considered that officials were involved in corruption, in 2023 this opinion is shared by 74.4%. At a similar level is the opinion of the respondents who consider that everyone is involved, that is, from 30.7% in 2021 to 30.5% in 2023, while the number of those who consider that most of the officials are involved in corruption has increased from 38.9% in 2021 to 43.9% in 2023. Only 5.8% of citizens think that hardly any official is involved. The attitudes are different among Albanians and among Macedonians, thus unlike 2021, the perception of corruption proliferation is decreasing among Albanians, thus 26.2% in 2023 (43.1% in 2021) of the Albanians consider that most of the officials are involved in corruption, and it increases among Macedonians, thus 31.3% in 2023 (26.9% in 2021) of the Macedonians consider that most of the officials are involved.

Figure 14.
Citizens' perceptions of corruption proliferation among the civil servants

According to you, how far is corruption proliferated among the officials in the public sector?



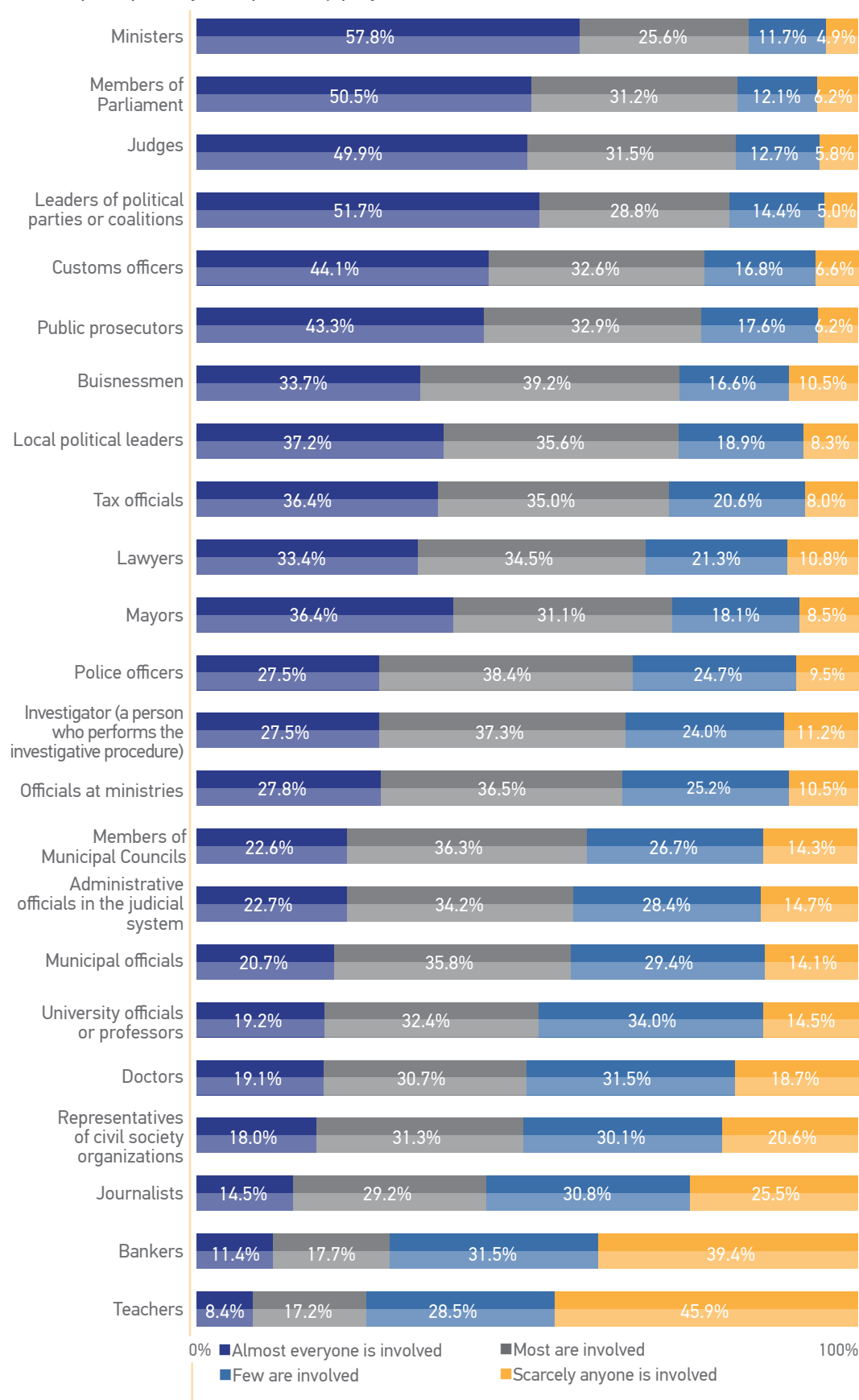
Source: Corruption Monitoring System, 2023

In 2023, more than four-fifths of the citizens think that the ministers are the most corrupt. In addition to them, a large majority of citizens (over 80.0%) consider that MPs, judges and leaders of political parties and coalitions are the most corrupt professions, and also the majority (over 70.0%) consider that corruption is also proliferated among customs officials, public prosecutors, local political leaders, businessmen and tax officials.

Teachers and bankers, same as in 2021, are perceived as the least corrupt of all the 23 professions or groups listed, less than 25.6%, that is, 29.1% of the citizens consider them to be corrupt. Journalists (43.7%) and representatives of civil society organizations (49.3%) are next on the list, whereby less than the majority of the citizens consider them to be corrupt.

Figure 15.

Citizens' perception of corruptness by professions



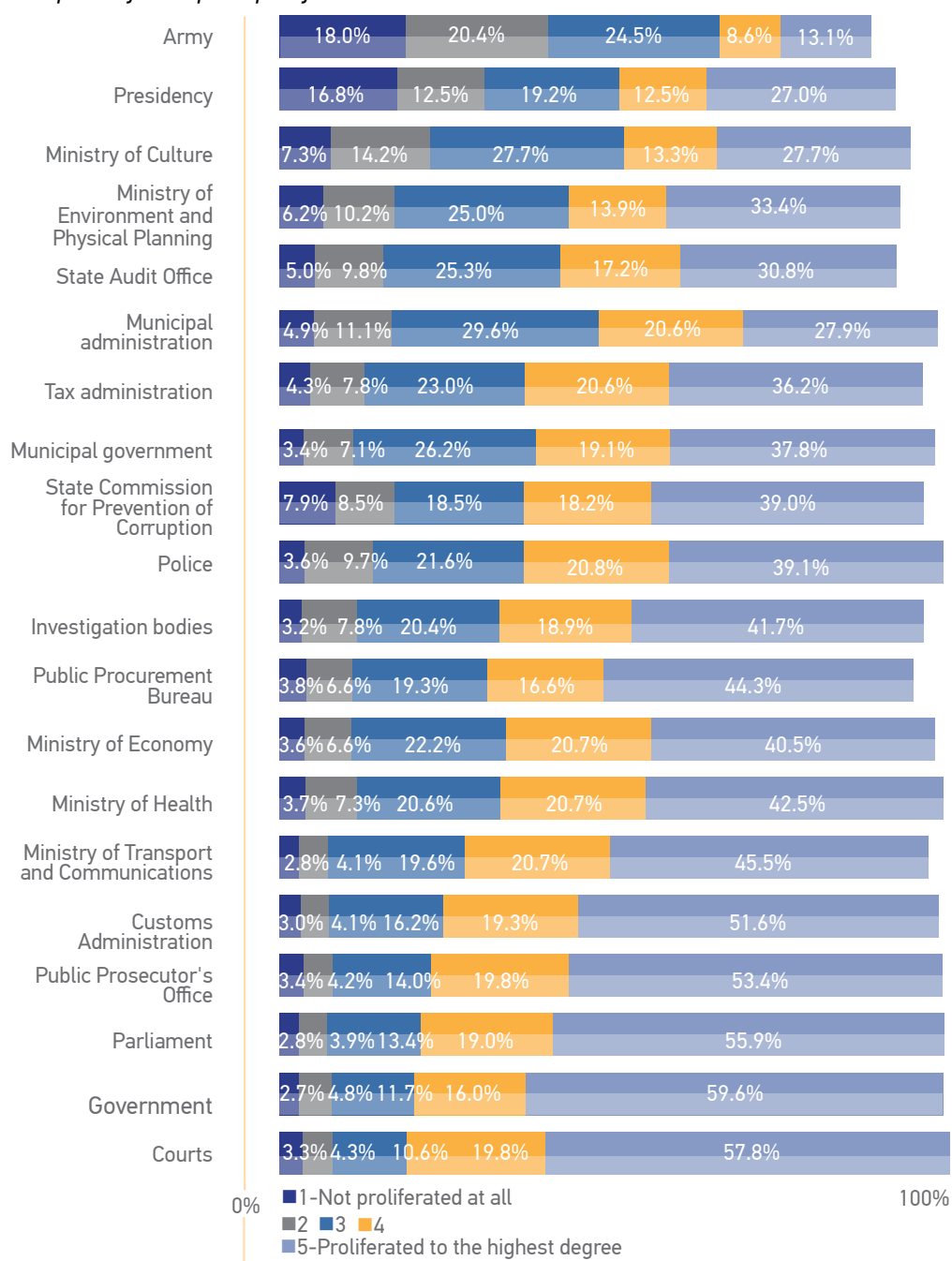
Source: Corruption Monitoring System, 2023

1.6.3. Corruption in the state institutions (vulnerable sectors)

The citizens' perception implies that corruption is proliferated the most in the courts and the Government. Namely, on the scale from one to five, where one means not proliferated at all, and five means proliferated to the highest degree, 77.6% of the citizens gave the highest grades (four and five) for corruption proliferation in the courts, 75.6 % corruption proliferation in the Government, 74.9% for corruption proliferation in the Parliament, 73.2% in the Public Prosecutor's Office, and 70.9% consider that corruption is proliferated in the Customs Administration. On the other hand, same as the previous years, the citizens have the lowest perception of corruption proliferation in the Army and the Presidency.

Figure 16.

Perception of corruption proliferation in state institutions



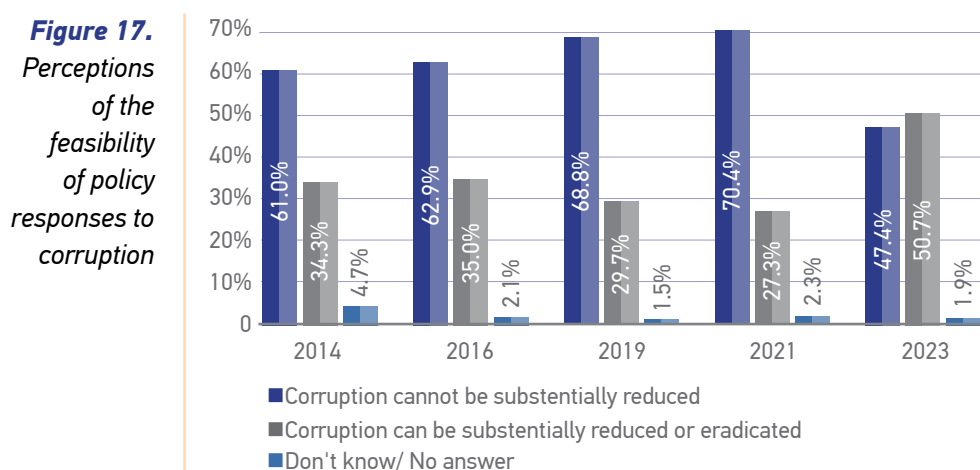
Source: Corruption Monitoring System, 2023

In this round of measurement there is a notable convergence between the perceptions of corruptness of professions and institutions. Thus, in this round, the personal experience of the respondents with the professions with which they have a frequent contact, had less influence in creating perceptions of the corruptness of professions and it seems that it depends more on the general image of the situation in society, which is transmitted through the media and acquaintance networks of the respondents.

The dynamics of perception in the last decade sends mixed signals about what is happening in the social sphere. The negative trend for increasing the perception of corruption in all social spheres that started in 2019 has continued in 2023, in particular among the top five most corrupt professions, but with certain reductions in the perception trends in less corrupt spheres, such as teachers, bankers and journalists.

1.6.4. Feasibility of policy responses to corruption

In regard to the curbing corruption potential, in 2023, the citizens show greater optimism, that is, 50.7% of the citizens believe that corruption can be significantly reduced and eradicated. However, there is still a large percentage of citizens, 47.4%, who consider that corruption cannot be significantly reduced. Such pessimism may pose danger for encouraging higher rates of acceptability and involvement in corruption.



Source: Corruption Monitoring System, 2023

There are no notable differences in expectations when considering the ethnic background of the citizens, thus 20.4% of the Albanians and 20.7% of the Macedonians consider that corruption cannot be reduced. For 26.2% of the Albanians and the Macedonians, corruption will always exist in the country, but it can still be reduced. Equal optimism is indicated by 52.4% of the Albanians and 51.4% of the Macedonians who believe that corruption can be substantially reduced or completely eradicated.

In 2023, DUI supporters indicate the greatest optimism, thus for 64.0% of them corruption can be substantially reduced or eradicated, compared to 56.5% of VMRO-DPMNE supporters and 54.8% of SDSM supporters. According to 31.0% of SDSM supporters, compared to 21.0% of VMRO-DPMNE supporters and 16.0% of DUI supporters, corruption will always be present, but it can still be reduced to a certain extent, while this time SDSM supporters are greater pessimists (13.1%) compared to VMRO-DPMNE supporters (21.4%) and DUI supporters (20.0%) in the expectation that corruption cannot be reduced.

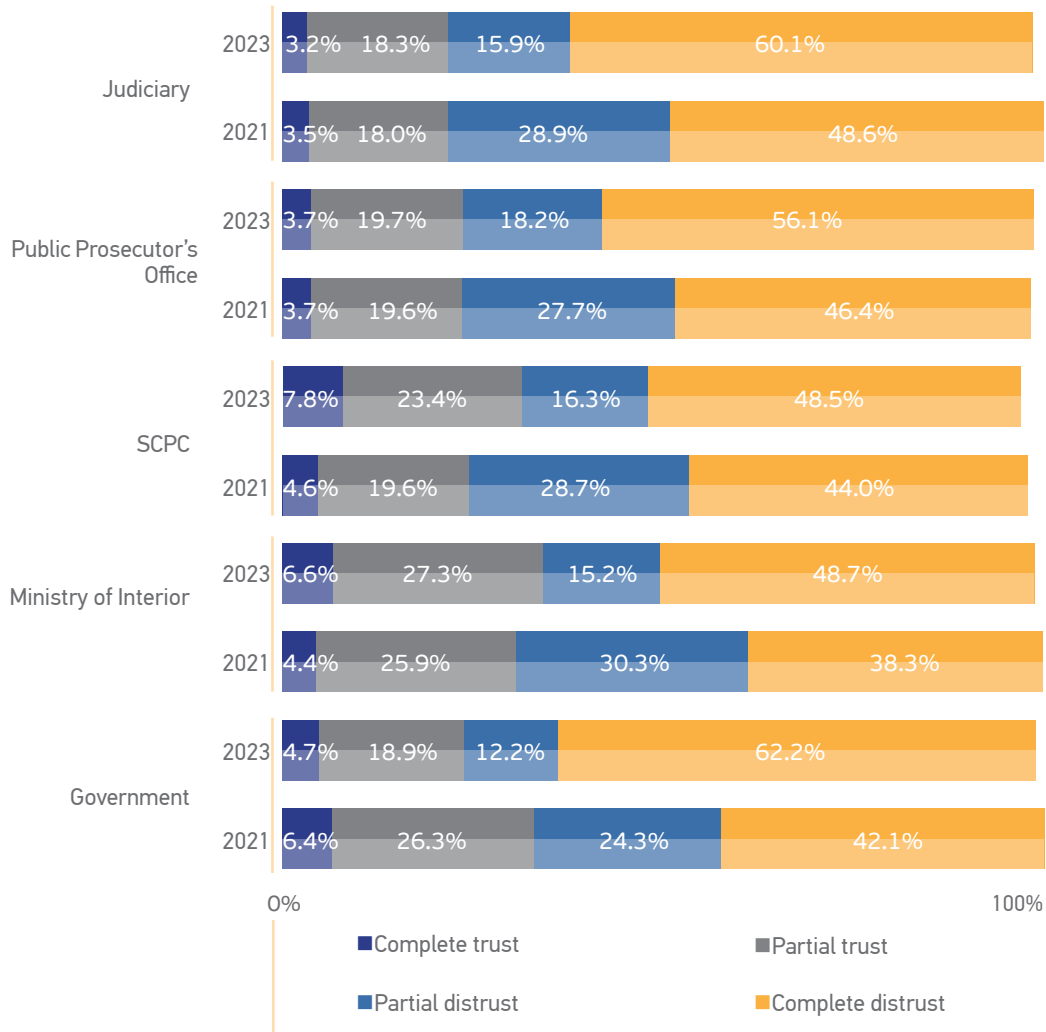
1.7. Trust in anticorruption institutions

The citizens were also asked about their trust in the institution, that is, to what extent each of the institution, in their opinion, could successfully tackle corruption in North Macedonia.

According to the survey results, in 2023, citizens' trust in the ability of the Ministry of Interior (MOI) and the State Commission for the Prevention of Corruption to tackle corruption is growing. Cumulatively, the sum of "complete trust" and "partial trust" responses is 33.9% for the MOI (30.3% in 2021) and 31.2% for the SCSC (24.2% in 2021). Distrust in the Government is increasing significantly, or 74.4% of citizens have partial or complete distrust in the Government when it comes to tackling corruption, unlike 2021 when the distrust was expressed by 66.5% of the respondents. The Public Prosecutor's Office (74.3% complete and partial distrust) and the judiciary (76.0% complete and partial distrust) are constantly on the bottom of the list of institutions for which the citizens believe that they can tackle corruption.

Figure 18.

Trust in anticorruption institutions: How much do we trust each of the institutions listed below that they can successfully tackle corruption?



Source: Corruption Monitoring System, 2023

When we take ethnicity into account, unlike before, more serious differences start appearing in the trust of the Macedonians and of the Albanians, thus the Macedonians have a significantly lower trust in all the institutions listed in terms of their ability to tackle corruption.

On the other hand, when we look at the statements in terms of the political attitudes, huge differences are notable in the opinions of the supporters of the three largest parties, which is certainly expected.

DUI supporters have positive expectations for all institutions, and SDSM supporters believe in them significantly more. On the contrary, VMRO-DPMNE supporters indicated a very high level of distrust in the institutions, that is, more than 80.0% of them said that they did not trust almost all the institutions in charge of fighting corruption (in particular the Government, which is not trusted by 91.9% of VMRO-DPMNE supporters). On the other hand, they expressed the smallest, but still very high level of distrust about the ability of the SCPC. What is interesting to note is that the trust of supporters decreases significantly when it comes to the Public Prosecution Office and the judiciary.

Table 5.

Trust in anticorruption institutions: How much do we trust each of the institutions listed below that they can successfully tackle corruption?

Institution	VMRO-DPMNE			SDSM		
	2019	2021	2023	2019	2021	2023
Government	18.8	9.1	7.4	62.8	72.4	67.9
Ministry of Interior	22.4	12.1	19.2	62.2	62.2	76.2
SCPC	14.1	7.3	24.0	37.9	51.0	58.3
Public Prosecutor's Office	12.2	6.5	12.9	41.8	51.8	40.5
Courts	7.7	7.9	14.0	35.1	45.2	84.9

Source: Corruption Monitoring System, 2023

2.

Anticorruption policies and Regulatory Environment



2.1. Existing anticorruption strategies, action plans and programs

The “**National Strategy for the Prevention of Corruption and Conflict of Interest (2021-2025)**”⁴ prepared by the SCPC and adopted by the Parliament in April 2021⁵, is the main document for anticorruption policies. The implementation of the National Strategy should contribute to reducing the level of corruption, improving integrity, transparency and accountability in all sectors of society, thereby ensuring that the public has higher confidence in the work of the legislative, judicial and executive authorities. The preparation of the strategy took place in a broad consultative process. The strategy is cross-sectoral and identifies corruption risks in several areas of the system. For the first time, state-owned enterprises, spatial and urban planning, sports, agriculture and the environment are identified as risk areas in the strategy.

The SCPC leads the Strategy development process and monitors its implementation, whereas all entities from the public, private and civil sectors play an active role in its implementation. The SCPC submits annual reports on its work and reports on the implementation of the National Strategy to the Parliament (in accordance with Article 18.6, 18.7 and Article 19.2 of the Law on Prevention of Corruption and Conflict of Interest).

According to the SCPC’s 2022 Annual Report on the implementation of the National Strategy in 2022, 10% of the activities have been fully implemented, 35% are ongoing and 55% have not been implemented⁶. According to the 2021 Annual Report, 20% of the activities have been fully implemented, 27% have been ongoing, and 59% have not been implemented at all. According to the services of the European Commission, in order to be effective, the implementation of the strategy should take place at all levels in the administration. The institutions in charge should build an effective system of reporting on the degree of implementation of the activities. The low rate of implementation of the National Strategy indicates a lack of political commitment and a sense of ownership among the institutions⁷.

As a result of insufficiently good implementation of the strategy, the SCPC decided to take steps to change it. In that direction, a series of workshops were held in the premises of the SCPC, with the support of the International Foundation for Electoral Systems (IFES). At these workshops, the proposed material for amending the National Strategy 2021-2025, as well as the new proposals that were given by the participants⁸ of each of the workshops according to individual sectors of the strategy were reviewed.

4 National Strategy for the Prevention of Corruption and Conflict of Interest 2021–2025 (<https://dksk.mk/wp-content/uploads/2021/01/Nacionalna-strategija-DKSK-KONECNA.pdf>)

5 Official Gazzete of the Republic of North Macedonia, No. 86/2021

6 Out of a total of 165 planned activities for 2022, 17 have been implemented, 90 have not been implemented, while 58 activities are in the process of implementation.

7 Screening Report, North Macedonia, Cluster 1 - Fundamentals

8 The workshops were attended by representatives of civil society organizations, experts, of institutions which are designated as competent or involved institutions for implementation of certain activities, that is, persons employed in the organizational units which directly participate in the implementation of activities determined in the NS 2021-2025, as well as persons considered by the institutions to be capable of contributing to the amendments to the National Strategy.

North Macedonia is a signatory to all the most important international, European and regional anticorruption documents, thereby undertaking obligations to act in this sphere, but at the same time it provides opportunities for receiving support by the international community in the fight against corruption.

In the field of public procurement, the state has adopted the **Strategy for Improvement of the Public Procurement System in the Republic of North Macedonia (RNM) (2022-2026)**, with annual action plans. The Public Procurement Bureau monitors the implementation of the Strategy. The Strategy is in accordance with the National Strategy for the Prevention of Corruption and Conflict of Interest. The Strategy has determined measures to combat corruption and conflict of interest.

The Plan for good governance policies is prepared and implemented under the authority of the office of the Deputy Prime Minister of the Government of RNM in charge of good governance policies. To date, the plans for 2022⁹ and 2023¹⁰, which provide an overview of national priorities in the area of good governance, have been adopted. The plans and the defined goals are aligned with the National Strategy for the Prevention of Corruption and Conflict of Interest and its Action Plan.

The **Government's new Transparency Strategy with an Action Plan (2023-2026)** is being prepared under the authority of the Deputy Prime Minister of the Government of RNM in charge of good governance policies. A working group including representatives of state institutions, the civil society sector, representatives of journalistic associations and international organizations based in the country was established for the preparation of the strategy. The Strategy will serve as a mechanism for linking and harmonizing all strategic documents and laws and by-laws adopted to date, directly or indirectly aiming at improving the transparency of government institutions, which will enable a higher level of responsibility of public servants and officials before the citizens¹¹.

2.2. Specialized anticorruption law

In 2019, the **Law on Prevention of Corruption and Conflict of Interest**¹², combining corruption and conflict of interest, was adopted. The Law on the Prevention of Corruption and Conflict of Interest regulates the measures and activities for the prevention of corruption in the exercise of authority, public powers, official duties and politics, the measures and activities for the prevention of the conflict of interest, the measures and activities for the prevention of corruption in the performance of works of public interest by legal entities related to the exercise of public powers. In regards of the prevention of the conflict of interest, the law clearly states the action procedure and reporting, as well as the procedure before the SCPC in case of a conflict of interest. In case of suspicion of the existence of a conflict of interest,

9 ggpp2022_final_mk.pdf (vlada.mk)

10 plan_2023_public_final_mk_0_0.pdf (vlada.mk)

11 Започна процесот на подготовка на Стратегијата за транспарентност на Владата со акциски план (2023–2026) | Влада на Република Северна Македонија (vlada.mk)

12 Law on Prevention of Corruption and Conflict of Interest (Official Gazette of the Republic of North Macedonia, No. 12/2019)

the SCPC implements a procedure for determination. In order to achieve greater transparency and institutional accountability, the SCPC informs the public about these cases of conflict of interest.

The law also contains measures to prevent corruption in politics, including the financing of political parties and election campaigns, the exercise of public powers, matters of public interest and other activities carried out by legal entities. The law also authorizes the SCPC to investigate privileges or discrimination in public procurement contracts or to request the institutions in charge to undertake certain measures and activities. The law prohibits exercising influence in public procurement procedures.

The Law as of 2019 established serious criteria for the selection of the professional composition of the SCPC and a transparent and inclusive procedure for the selection of members, envisaging the participation of representatives of civil society organizations and the media, and not including representatives of the Government.

2.3. Anticorruption legislation

GRECO's fifth evaluation round refers to "Preventing corruption, promoting integrity in central government (top executive functions - TEF) and law enforcement agencies (LEA)". In its evaluation report, GRECO made 23 recommendations to North Macedonia. Out of 23 recommendations, 4 have been implemented at a satisfactory level, 9 have been partially implemented, and 10 have not been implemented.¹³

According to the **Law on Misdemeanors** as of 2019¹⁴, the misdemeanor procedure has been simplified - the option of delaying it by submitting a complaint to the Commission (second instance) for misdemeanor procedures has been abolished, and the offender who has been fined can now request judicial protection directly in the Administrative Court. In terms of the practical application of the system of sanctions in relation to the violation of the rules/legislation on conflict of interest, integrity and anticorruption and security, it has been emphasized that the sanctions are efficient, proportionate and preventive. This is indicated by the statistics of the SCCC, which is an indicator of the large number of imposed sanctions for violations by public office holders, including persons who perform the top executive functions.

The frequent amending of the **Law on Internal Affairs**, aims at subjecting police personnel to regular professional integrity checks. In this context, the Article 64-6 "Professional Integrity Test" is of particular importance, whereby the focus is on the prevention of corruption and the abuse of office, thus strengthening the integrity of the workers in the Ministry and preventive action, whereas the organizational unit of Article 58 of this law checks the integrity by conducting a professional integrity test of the workers in the Ministry¹⁵.

13 <https://www.pravda.gov.mk/Upload/Documents/Izvestaj/Greko/petti-krug.pdf>

14 Law on Misdemeanors (Official Gazette of the Republic of North Macedonia, No. 96/2019)

15 Law Amending the Law on Internal Affairs (Official Gazette of RNM, No. 89/2022)

The **Criminal Code**¹⁶ has also been amended in recent years, twice in 2015 and 2017, as well as once in 2018 and 2023. The changes in this law complement the changes from previous years, in relation to the GRECO's recommendations of all 5 evaluation rounds, as well as further alignment with international standards.

The latest amendments to the Criminal Code as of 2023 were adopted through a shortened procedure with a European flag. The amendments caused great turbulence and condemnations in the public and the civil society sector. The amendments reduced the penalties in Article 353 of the Criminal Code, which refers to abuse of official duty and authority, and the provision for sanctioning the abuse of office and authority during public procurement or to the detriment of the budget and public funds was also abolished. and there is a reduction in the penalties for the offense of criminal association in Article 394. By reducing the length of penalties for specific offenses, the duration of their statute of limitations was also reduced, and by the amendments, the extended confiscation of illegally acquired property was abolished¹⁷.

The supplements and amendments **to the Electoral Code**¹⁸ have also entered into force in past years. The supplements to the Electoral Code provide for greater control and regulation of the broadcast of paid political advertisements, in terms of duration, time frames, transparent labelling of advertisement financing, and all these and similar regulations are regulated by Article 75-e, paragraphs 1 and 2 of the Electoral Code¹⁹. The Code also regulates the ban on broadcasting paid political advertising from the day the elections are announced until the beginning of the election campaign. A great number of amendments were aimed at media representation of the parties within the Agency for Audio and Audiovisual Media Services (AAAVMS). Thus, for the services, the AAAVMS is obliged to submit a report on the paid political advertising of the broadcasters to the State Election Commission (SEC) on the tenth day as of the day of the election campaign and on the seventh day after the end of the election campaign. The purpose of these laws is to enable equal competition and transparency in the financing of political campaigns and to reduce corruption in electoral processes.

The legal framework for financing political parties consists of two laws, namely the Law on Financing Political Parties²⁰ and the Law on Party Research and Analytical Centers²¹. The State Audit Office (SAO) supervises the financial operations of political parties and audits election campaigns. The responsibilities of the SCPC are defined in the Law on Prevention of Corruption and Conflict of Interest. They mainly consist of monitoring, disclosure and taking measures against liable persons in state authorities and institutions. Action may be taken if there is a suspicion that the budget/municipal funds are being used to organize or finance the election campaign, if there is a suspicion that the election campaign is being financed from sources that do not comply with legal provisions or come from anonymous sources, and if political parties are financed from illicit or illegal sources.

16 Criminal Code (Official Gazette of Republic of Macedonia, No. 37/1996)

17 Official Gazette 188/2023

18 Electoral Code (Official Gazette of Republic of Macedonia, No. 40/2006)

19 Law Amending the Electoral Code (Official Gazette of Republic of North Macedonia, No. 140/2018)

20 Official Gazette 74/04, 86/08, 161/08, 96/09, 148/11, 142/12, 23/13 and 140/18 and Official Gazette 294/20

21 Official Gazette 23/13 and 15/2015

According to the European Commission assessment, the legal framework for financing election campaigns contains many loopholes. In order to enhance transparency, the Electoral Code should require comprehensive disclosure of all types of campaign income and expenditures by contestants. According to the European Commission, the efforts to improve the efficiency of the democratic system, including the transparency of the financing of political parties, should continue. In this regard, GRECO's recommendations on "Transparency of financing of political parties" should be translated into appropriate measures²².

The reform of the electoral process is considered a priority, including the adoption of a new Electoral Code. A working group for amending the Electoral Code was established in May 2023, including representatives of political parties, civil society organizations and other interested parties.

The **Law on the Central Registry** has been supplemented over the years in order to minimize the administrative obstacles of the companies, by digitizing the processes, thus reducing the contact among customers, which also reduces the risk of corruption and bribery. However, not only the central registry is digitized, but also the link between the Central Registry and other relevant state authorities.

2.4. Legal framework for fight against corruption in the judiciary

In order to ensure a fair and impartial trial, the Law on Courts is being amended, thus, for example, in 2018, the Law on Courts²³ was supplemented, whereby it envisages more severe disciplinary regulations for initiating a procedure for determining the judge's liability, and as grounds for dismissal it also considers: the membership in a political party, using one's office and the reputation of the court to realize one's private interests, achieving unsatisfactory grade in two regular consecutive assessments by the Judicial Council of the Republic of Macedonia, which is considered to be unprofessional and negligent performance of the judicial function, performance of another public function, work or activity that is not compatible with the performance of the judicial function, receiving gifts and other benefit in connection with the work of a judge, when making decisions, he/she does not apply the views expressed in the final judgments of the European Court of Human Rights and presents (discloses) confidential information that he/she learned while handling the cases or performing the function of a judge. Additionally, in 2019, in the same law, special additional conditions for the selection of a judge in the basic court, the appellate court and the Supreme Court of the Republic of North Macedonia were added and presented. These and other similar legal regulations that have been supplemented over the years expand the scope of restrictions on judges, their work, activity outside of work, as well as the process of their election, thus limiting the possibility of corruption in the judicial system.

22 Draft-Screening Report, North Macedonia, Cluster 1 – Fundamentals, 20/07/2023

23 Law Supplementing the Law on Courts (Official Gazette of the Republic of North Macedonia, No. (83/2019)

Having the purpose of greater transparency and efficiency, the Law Amending the **Law on the Council of Public Prosecutors**²⁴ entered into force. Thus, by law, the sessions of the Council are public, except by decision of the Council (with a two-thirds majority), in order to protect the public prosecutor, except in the cases when the public prosecutor is elected, the public cannot be excluded under any circumstances. The law also envisages the exclusion of a Council member if, in the performance of their duties, they identify the existence of circumstances that may cause doubt in their impartiality, and they are obliged to immediately notify the Council, which will make an appropriate decision. The Council of Public Prosecutors, within seven days as of the day of the vote for the election of the basic public prosecutor of the Basic Public Prosecutor's Office for Prosecution of Organized Crime and Corruption, appoints the candidate who won the most votes in the voting by all public prosecutors in North Macedonia as the basic public prosecutor of the Basic Public Prosecutor's Office for Prosecution of Organized Crime and Corruption. These changes are of great importance in the fight against corruption, as well as for ensuring the transparency, impartiality, independence and accountability of the Council, public prosecutors and the entire judicial system.

A working group headed by the Deputy Prime Minister of the Government in charge of good governance policies has prepared a **Draft Law on the Confiscation of Property in Civil Proceedings**, which will be submitted to the EU and the Venice Commission for an opinion, and will then be considered at a public discussion with the wider public, in order to pass a functional and applicable law in line with international standards. According to the Government, the law will provide for the establishment of an additional mechanism for successfully preventing unjust enrichment and confiscation of property that was not acquired by legal sources. Such a law is necessary in order to strengthen the fight against corruption in the country²⁵. Taking into account the time limit and the dynamics of work of the working group for this law, the Platform of Civil Society Organizations for Fight against Corruption withdrew from the working group, estimating that the weaknesses identified in the proposed text cannot be substantially removed. In addition to the shortcomings in the consultation process, the Platform considers that there is a lack of adequate analysis of the situation and the justification of such a legal solution and that such an analysis will show that in the legal framework of the country there are already mechanisms for the confiscation of property, which are not adequately applied²⁶.

24 Law Amending the Law on the Council of Public Prosecutors (Official Gazette of the Republic of Macedonia, No. 42/2020)

25 Грновска: Не следува широка јавна расправа за Законот за конфискација на имот во граѓанска постапка по добивање на мислењата од ЕУ и Венецијанската комисија | Government на Република Северна Македонија (vlada.mk)

26 [Допис на Платформата] Повлекување од работната група за креирање на Законот за конфискација на имот во граѓанска постапка – АнтиCorruption | Платформа за борба против Corruptionта (antikorupcija.mk)

2.5. Other legal instruments in the fight against corruption

In the last few years, certain laws have been amended, and new anticorruption laws have entered into force. One of those laws is the **Law on the Protection of Whistleblowers**²⁷, which regulates protected reporting, the rights of whistleblowers, as well as the actions and duties of institutions, that is, legal entities in connection with protected reporting and ensuring the protection of whistleblowers. In relation to this, a Handbook on Protection of Whistleblowers²⁸ was prepared within the IPA twinning project, “Support to efficient prevention and fight against corruption”, funded by the EU, and implemented by the SCPC. The supervision over the implementation of the law is done by the Ministry of Justice. The SCPC collects data, prepares reports, submits them to the Parliament and they are publicly available.

There was a **Law on Lobbying** already in 2008, but GRECO’s fourth report on North Macedonia²⁹ identified serious weaknesses in relation to the existing setup of lobbying. Taking into account the situation at that time, the recommendations, as well as the purpose of alignment with the international standards for lobbying, a proposal to adopt a new law on lobbying was made. Thus, the original law as of 2008 was repealed, and in 2021 the new Law on Lobbying³⁰ was adopted and entered into force in 2022, whereas all related by-laws were adopted by the SCPC in December 2021. The law expanded the powers of the SCPC, adding the power to manage and register lobbyists and organizations.

The **Law on Public Procurement**³¹, together with the by-laws, provides for a solid legal framework for establishing a modern, transparent and efficient public procurement system. The law is largely aligned with the EU Directives regulating the field of public procurement and the judgments of the European Court of Justice. The current law enables contracting authorities to conduct public procurement transparently, efficiently and strategically. In the course of 2019, the **Law on Public Procurements in the Fields of Defense and Security**³² was also adopted, thus the legal framework was completed and at the same time the EU law on public procurements was transposed to our national legislation on public procurements. This law ensures transparency, free and fair competition, and rational spending of public funds during procurement. Thus, the process of awarding contracts for public procurement in the fields of defense and security, that is, the planning, implementation of processes, conclusion and implementation of contracts is a transparent, cost-effective and efficient process. Hence, in 2021, this law was amended³³ in order to ensure cost-effectiveness and efficiency in public procurement procedures in the fields of defense and security. The Law Amending the Law on Public Procurement in the Fields of Defense and Security led to the creation of by-laws. Thus, the Ministry of Defense adopted a Rulebook on the form and content of records of economic operators, the manner to keep records, as well as the availability of information on current

27 Law on the Protection of Whistleblowers (Official Gazette of the Republic of Macedonia, No. 196/2015)

28 Handbook on Protection of Whistleblowers (SCPC)

29 [https://www.pravda.gov.mk/upload/Documents/GrecoRC4\(2016\)8-Republic-of-Macedonia-MK.pdf](https://www.pravda.gov.mk/upload/Documents/GrecoRC4(2016)8-Republic-of-Macedonia-MK.pdf)

30 Law Amending the Law on Lobbying (Official Gazette of the Republic of North Macedonia, No. 122/2021)

31 Law on Public Procurement (Official Gazette of the Republic of Macedonia, No. 24/19)

32 Law on Public Procurement in the Fields of Defense and Security (Official Gazette of the Republic of Macedonia, No. 180/2019)

33 Law Amending the Law on Public Procurement in the Fields of Defense and Security (Official Gazette of the Republic of Macedonia, No. 176/21)

purchases. In addition, a Rulebook on the manner of checking and confirming the fulfillment of the conditions in procurement procedures was adopted.

The **Law on Strategic Investments in the RNM**, adopted in January 2020, providing for an exemption from the application of the Law on Public Procurement, in Article 4 defines strategic investment projects and projects that are “implemented on the basis of agreements between countries” and are considered strategic projects. According to the information provided by the institutions in charge, 10 projects with a total value of 1.7 billion euros (out of 24 requests submitted) received the status of strategic investment project after the law was adopted. Eight of these projects with a total value of 1.3 billion euros are in the energy sector. Thereby, no information has been provided about the procurement procedures used for the implementation of these projects. **The law on determination of public interest and nomination of a strategic partner for implementation of the construction project corridor VIII and part of corridor X** as of July 2021, in its Article 4 envisages that the provisions of the Law on Public Procurement shall not be applied to the awarding of contracts related to the preparation and implementation of the project.

According to the recommendations of the European Commission, the country should ensure transparency and compliance with EU law on public procurement in the implementation of the Law on Strategic Investments, as well as in the implementation of intergovernmental agreements.

In regard to concessions, the **Law on Concessions and Public-Private Partnership** as of 2012 (Law on Concessions and Public-Private Partnerships) and its seven by-laws are not fully compliant with the EU Concessions Directive as of 2014, which preceded it, but it complies with the general EU principles. There is a lack of clear definitions and demarcations regarding the rules and procedure for awarding a public-private partnership, such as a contract for public works or services or a concession. According to the recommendations in the report of the European Commission, the country should adopt a law on public-private partnership and a law on concessions, in order to harmonize the legal framework with the EU legislation.

The Public Procurement Bureau (PPB) has developed a sophisticated electronic system for public procurement³⁴, which is a unique computer system available on the Internet, through which it is possible to fill in and publish notices for awarding public procurement contracts, notices for tender requests, notices of concluded contracts, records of requests for bid collection, annulment of procedures, implementation of procedures for awarding public procurement contracts using electronic means (use of electronic equipment for data processing and storage), as well as implementation of electronic auctions. The development of an e-market platform, e-catalogues, that is, further improvement of the processing system is in progress. The practice of blacklisting companies due to professional misconduct in procurement, which is not in line with EU rules, has continued. In 2021, 33 negative recommendations were issued by the contracting authorities, six of which were rejected by the PPB.

34 <https://www.e-nabavki.gov.mk>

2.6. “Corridors” Case

In July 2021, The Parliament adopted the law nominating a strategic partner for the construction of corridor 8 and a part of corridor 10³⁵. By this law, the project is exempted from the application of the Law on Public Procurement and the contract is awarded directly without a competitive procedure. The State Commission for Prevention of Corruption initiated a procedure for evaluating the constitutionality of this law²². The SCPC emphasizes that the law as a whole is in contradiction with the Constitution of RNM as well as in terms of the provisions of the Law on Prevention of Corruption and Conflict of Interest and that it represents a high risk factor for corruption and conflict of interest. In December 2021, the Constitutional Court rejected this initiative. It is further pointed out that as it is stated in the law itself, the suspension, that is, the exclusion of other laws, represents a serious danger to the rule of law. Such suspension or exclusion of other laws provides room for corruption, the possibility of abuse of office, public authority and official duty. In addition to initiating a procedure for evaluating the constitutionality of the Law on determination of public interest and nomination of a strategic partner for implementation of the construction project corridor 8 and corridor 10, the SCPC calls for the annulment of this law, but also for the suspension of the execution of the individual acts or actions passed/taken on the basis of the disputed law. A number of civil society organizations also reacted in relation to the disputed law, and one of them is the Platform of Civil Society Organizations for Fight against Corruption, which submitted a request³⁶ for withdrawal of the agenda of the 112th session of the Parliament of RNM. The request was made because the Platform assesses that the entire process involves risks of corruption by circumventing general laws. Despite all these reactions, the Constitutional Court decided not to initiate proceedings and not to evaluate the disputed law, and the judges did not provide any explanation for this decision.

Key information about the corridor contracts was presented on April 12, 2023³⁷, when the Government announced that the American-Turkish consortium “Bechtel and Enka” should complete the construction of the highway sections of corridors 8 and 10-d in 57 months, or in 2027, with a total length of 110 kilometers. The Government signed the contract on March 8 of this year, when it was presented that the construction would cost around 1.3 billion euros. It was not clear whether the announced price and deadline (1.3 billion euros and 57 months) assumed the current laws or laws yet to be changed. The answer to these ambiguities was that the deadline and the price are based on assumed laws to be changed. That, in practice, means that the Government negotiated and concluded a contract on the basis of non-existent legal norms at that moment.

In order to pass the necessary laws faster, the Government relied on the European flag. In terms of passing the laws with the European flag, the Deputy Prime Minister, Artan Grubi, stated that the amendments to the laws are in the interest of the citizens because only in this way the process would be faster, of better quality and cheaper. In addition, the Deputy Prime Minister pointed out that the EU has included corridors 8 and 10 in the geostrategic corridors,

35 Law on determination of public interest and nomination of a strategic partner for implementation of the construction project corridor 8 (section: Tetovo-Gostivar-Bujkocani and the project for the Trebenista-Struga-Kafasan highway) and corridor 10d (section of the Prilep-Bitola highway) in the Republic of North Macedonia (Official Gazette of the Republic of North Macedonia, No. 163/2021)

36 <https://www.antikorupcija.mk>

37 <https://360stepeni.mk/vladata-napravila-dogovor-so-behtel-i-enka-vrz-osnova-i-na-nepostoechki-zakonski-odredbi/>

thus justifying the use of the European flag. The statement that the construction would be cheaper is full of non sequiturs due to the fact that the price is not known at all, and also what the price will be if it is not completed within the given deadline.³⁸ In relation to the use of the European flag, the European Ambassador to RNM, David Geer also spoke out challenging the labeling of the laws related to corridors 8 and 10 with the European flag, as this law does not bring any alignment with the EU standards³⁹.

By amending laws, the Government aims at forcing the workers, who will be engaged in the construction of the corridors, to work more than 40 hours a week. The Government made such an attempt through the Law on the construction of sections of corridors 8 and 10, which provided for working hours of 60 hours per week. Amendments to other laws also provide for a series of tax exemptions, such as exemption from value added tax (VAT) and energy excise duty, but also import duties and tax on motor vehicles (for off-road vehicles) of the strategic partner. Acceleration of the expropriation procedure is also planned. Thus, for example, there will be no waiting for the expropriation decision to be with full force and effect, but it will be enough for it to be final.

2.7. Corruption risk assessment and prevention of corruption in the institutions

In North Macedonia, two current models for corruption risk assessment are in use. The first model is institutional corruption risk assessment based on self-assessment, which has been in use since 2009 in accordance with the Law on Public Internal Financial Control⁴⁰ and managed by the Ministry of Finance, whereby the methodology was prepared with international assistance. The Law on Prevention of Corruption and Conflict of Interest defines the corruption risks as any type of internal or external weakness or process that may represent an opportunity for corruption in state bodies, public enterprises and other public sector institutions. Based on the defined risks listed, the process of identifying corruption risks is carried out and it includes the following steps: gathering and analyzing information relevant to the institution (external and internal review), identifying areas, processes/functions and indicators for identification of all relevant risks, identifying indicators, corruption risks and corruption vulnerability.

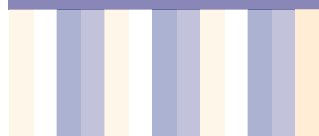
The second model is a sectoral institutional risk assessment based on an external assessment – in 2019, several sector assessments were conducted with international donor support aimed at assisting strategic planning efforts. In accordance with the powers of the SCPC, and especially Article 17, point 17 of the Law on Prevention of Corruption and Conflict of Interest, the SCPC prepares analyses of the corruption risk in various sectors.

38 <https://360stepeni.mk/grubi-im-se-izvini-na-mediumite-zashto-vladata-nedovolno-jasno-im-go-prezentirala-dogovorot-so-behtel-i-enka/>

39 <https://www.slobodnaevropa.mk/a/32405038.html>

40 Law on Public Internal Financial Control (Official Gazette of the Republic of Macedonia, No. 90/2009)


Lined writing area with horizontal blue lines.



3.

Institutional Practices and Enforcement of the Law

The fight against corruption remains a challenge for North Macedonia, although the country is taking a number of steps in the direction of harmonizing the legislation and establishing a specialized anticorruption body with preventive and repressive powers. However, corruption continues to be one of the biggest problems faced by the citizens. Even though the legal and institutional framework is largely aligned with EU legislation, concrete results in the fight against corruption are lacking.



3.1. General institutional developments

In 2020, within Zoran Zaev's Government, a new Deputy Prime Minister position for the fight against corruption, sustainable development and human resources was promoted. The new position was given to the General Secretary of SDSM, Ljupco Nikolovski, in the role of coordinator among the institutions that fight against corruption. In 2022⁴¹, with the election of the new government headed by Kovacevski, this position was retitled to **Deputy Prime Minister in charge of good governance policies** and it was taken over by Slavica Grkovska.

Against the former head of the **Basic Public Prosecutor's Office for the Prosecution of Organized Crime and Corruption (BPPO-POCC)**, Vilma Ruskovska, and two other prosecutors, the Public Prosecutor's Office initiated a disciplinary procedure to determine their liability, with suspicion that they intentionally and unjustifiably made a major professional mistake and committed a disciplinary violation of the Law on Public Prosecution, after which the Chief Public Prosecutor of RNM made a decision for their removal from the position of a public prosecutor. After the suspension of Ruskovska, in November 2022, the Council of Public Prosecutors appointed Islam Abazi as the basic public prosecutor of BPPO-POCC Skopje⁴². However, his election was controversial because photos of Abazi with DUI officials were published, despite the fact that he had previously denied personal contacts with the party. The SCSC expressed doubts about the selection criteria and about the existence of some influence⁴³.

The President of the Judicial Council, Vesna Dameva, was dismissed from her position in April 2023⁴⁴. The dismissal of Vesna Dameva caused a series of reactions and requests for reconsideration of the decision. The Blueprint Group also reacted to this decision, being surprised by the insistence that the item be put on the agenda and be decided upon without the existence of grounds for dismissal⁴⁵. Dameva submitted a criminal complaint to the Basic Public Prosecutor's Office Skopje and an appeal to the Administrative Court regarding the decision on her dismissal. The criminal complaint refers to the crime of abuse of official duty and authority.⁴⁶

41 <https://www.sobranie.mk/detali-na-materijal.nspх?param=6cc6791d-23cf-4cff-b4d1-969c4d329421>

42 Соопштение – СЈОПМ (sjorm.gov.mk)

43 Телевизија 24: Ивановска со забелешки за начинот на кој е избран Абазии

44 Соопштение од 438-та седница на Судскиот совет на РСМ - 26.04.2023 година (sud.mk)

45 Жестоки реакции по разрешувањето на претседателката на Судскиот совет, се бара преиспитување на одлуката | Meta.mk

46 ЕКСПРЕТСЕДАТЕЛКАТА НА СУДСКИОТ СОВЕТ ВЕСНА ДАМЕВА ПОДНЕСЕ КРИВИЧНА ПРИЈАВА ДО СКОПСКОТО ОБВИНИТЕЛСТВО И ТУЖБА ДО УПРАВНИОТ СУД ЗА НЕЈЗИНОТО РАЗРЕШУВАЊЕ - Сакам Да Кажам (sdk.mk)

3.2. Specialized anticorruption institutions

In the past period, there have been no changes in the setup of the mandate of anticorruption institutions.

At the central level, the **SCPC** acts as an independent specialized anticorruption institution. The SCPC submits an annual report on its work to the Parliament of RNM.

In 2021, the SCPC got new office premises, which was a solution to the Commission's long-standing problem. The new offices are suitable for installing servers needed to connect the SCPC with 17 institutions from which it will be possible to obtain information on detected cases related to corruption or conflict of interest. In addition, 615,000 euros from the state budget were provided for equipping and modernizing the offices.

In 2022, the number of employees in the SCPC was increased, thus, out of the 64 jobs authorized by the job systematization, 48 jobs were filled, which represents 75% of jobs filled and an improvement in the situation with human resources compared to 2021, when the fill rate was 53%, that is, 34 jobs were filled⁴⁷.

In July 2022, the SCPC promoted the Training Center, together with the *E-learning* platform⁴⁸, intended for all persons interested in acquiring new knowledge in the field of corruption, conflict of interest and integrity.

In the direction of improving cooperation with other institutions in order to more effectively fight against corruption in the past period, the SCSC signed several memoranda of cooperation, that is, with the Securities Commission, the Public Prosecutor's Office of RNM, the National Bank of RNM, the Ministry of Information Society and Administration (MIOA), Inspection Council, etc. Additionally, the SCSC and the Ministry of the Interior signed the Agreement on cooperation and exchange of data in electronic form and the Memorandum for the improvement of the whistleblower protection system, as an effective tool in the fight against corruption⁴⁹.

As a result of increased sensitivity, the number of reports of all forms of conflict between public and private interest has been increasing. Table 6 shows the situation in relation to reports with allegations of conflict of interest received in the last three years.

47 GI-2022-ноначен.pdf (dskk.mk)

48 Систем за учење на далечина на SCPC (dskk.mk)

49 <https://dskk.mk/mk/?s=%D0%BC%D0%B5%D0%BC%D0%BE%D1%80%D0%B0%D0%BD%D0%B4%D1%83%D0%BC>

Table 6.*Cases with allegations of conflict of interest*

Cases formed	Number of recorded cases		
	2022	2021	2020
Own initiative	27	17	6
Reports by citizens	118	89	80
Total	145	106	86

Source: Annual reports of the SCPC

In 2022, the SCPC made decisions on 161 cases compared to 2021, when it made 152 decisions on procedures for complaints in the area of conflict of interest. In the same year, the SCPC submitted 6 initiatives before the institutions in charge compared to 2021, when it submitted only two for instituting proceedings for determining the liability of officials due to a conflict of interest. In the same year, the SCPC submitted two initiatives compared to 2021, when not a single initiative to dismiss officials due to conflict of interest⁵⁰ was submitted.

The SCPC's actions in terms of verifying and establishing situations related to suspected corrupt behavior, conflict of interest, prevention of corruption in politics, non-declaring of assets and interests, verification of asset declarations, etc. are based on reports from legal or natural persons, anonymous or known, hearsay (rumor) or on their own initiative, but also on annual plans. In 2022, a large number of reports were submitted to the SCPC on all grounds shown in the following table⁵¹.

Table 7.*Cases based on reports received, own initiative and decisions taken*

Area of action	Corruption		Conflict of interest		Assets status		Financing election campaigns		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Year	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Reports received	563	583	118	89	17	51	0	48	698	771
Own initiative	20	16	27	17	80	806	0	6	127	845
No. of decisions taken	509	390	161	152	372	92	14	41	1056	675

Source: Annual reports of the SCPC

50 <https://dksk.mk/wp-content/uploads/2023/03/GI-2022-%D0%BA%D0%BE%D0%BD%D0%B5%D1%87%D0%B5%D0%BD.pdf>

51 GI-2022-конечен.pdf (dksk.mk)

The SCPC continuously processes the newly submitted asset declarations and updates the data on changes in the assets status.

Table 8.

Asset declaration on assets status

Asset declarations submitted	2022	2021	2020
Total	4.423	2.006	1.519

Source: Annual reports of the SCPC

The adopted annual plan for monitoring the assets status and the conflict of interest has envisaged verification of the data on the assets status and the conflict of interest of directors of public enterprises, directors of public health institutions, directors of inspectorates, judges, prosecutors and members of parliament⁵².

Based on the reports received, but also on its own initiative, the SCPC opened cases to verify the veracity of the data in the asset declarations submitted by elected and appointed persons. In 2022, it opened 97 cases, compared to 857 cases in 2021.

Due to the local elections in 2021, the SCSC conducted a systematic verification of the elected persons (mayors, councilors, directors, etc.), as well as of the persons whose term of office has ended, for the timely submission of asset declarations after the end of the term of office. In 2021, 753 cases were opened, and they were handled in 2022. The SCPC issued 372 misdemeanor payment orders, 317 decisions to stop the procedure and 56 requests to the Misdemeanor Commission of the SCPC to start a misdemeanor procedure due to non-payment of the fine⁵³.

3.3. Anticorruption mechanisms in decision making processes

The Parliament does not have a specialized anticorruption committee. An Inquiry Committee can be established in the Parliament if 20 MPs (out of a total of 120) raise questions for investigating liability for corruption, which involves elected and appointed officials. Such Inquiry Committee has the authority to request the submission of all documents and materials that may be relevant to the given case, from any relevant legal or liable person. In September 2023, the Parliament made a decision⁵⁴ to establish an Inquiry Committee for the “Oncology” case, after information about abuses of biological therapy for oncology patients and its sale was made public, for which it has already opened an investigation⁵⁵. The Committee is in charge of the analysis of all documents in PHI “University Clinic for Radiotherapy and Oncology” in order to determine the political liability of the government and health officials related to the affair. The Inquiry Committee will prepare reports that will be submitted to the Government, the SCSC and the Public Prosecutor’s Office.

52 <https://dksk.mk/wp-content/uploads/2022/03/02-7454-2.pdf>

53 GI-2022-конечен.pdf (dksk.mk)

54 Official Gazette of RNM, No. 198/2023

55 Собрание на Република Северна Македонија - Детали на материјал (sobranie.mk)

Members of Parliament, as well as other elected and appointed officials, must fulfill all obligations when it comes to declaring their assets and conflict of interest statements.

Regarding the functioning of the Parliament, according to the the EU's indications, there are still challenges in terms of more efficient planning of the law-making process. The use of the "EU flag" procedure as a shortened procedure should be limited and should not be used to shorten public consultations or resolve procedural difficulties in the Parliament.

3.4. Role of the Civil Society Organizations in drafting anticorruption legislation

The Platform of Civil Society Organizations for Fight against Corruption is included in the consultative process of drafting strategies and laws in the field of good governance and the fight against corruption. The civil society organizations were part of the process of passing the Law on Prevention of Corruption and Conflict of Interest, as well as in the process of drafting the National Strategy for Prevention of Corruption and Conflict of Interest (2021-2025). Additionally, the members of the Platform take part in the working groups for amending the Law on the Prevention of Corruption and Conflict of Interest, drafting the Law on Senior Management Service, amendments to the Law on the Protection of Whistleblowers, and they also participate in the process of amendments to the National Strategy. Members of the platform withdrew from the working group for drafting the Law on Confiscation of Property in Civil Proceedings.

Regarding the practice of publishing draft laws on the Unique National Electronic Register of Regulations (ENER), even though the ministries are obliged to publish draft laws on ENER that are adopted in a regular and shortened procedure, there is still a practice that large number of draft laws are not published on ENER and not available for public consultation. In the period from January 1 to December 31, 2022, a total of 191 draft laws were submitted to the Parliament, of which 86 were proposed by MPs in the Parliament and are not subject to the obligation for their prior publication on ENER and the implementation of a Regulatory Impact Assessment (RIA). The other 105 draft laws submitted were proposed by the Government and line ministries, and 65 of them are subject to the obligation to implement the RIA, that is, their prior publication on ENER.

Regarding the draft laws for which there is an obligation to be published on ENER for consultation (65), it was noted that for 37%, that is, in 24 cases, the text of the draft law was previously published on ENER. There is a deterioration of the situation compared to previous years, that is, in 2021, 41% (48 draft laws) were published on ENER for public consultation, and in 2019, this percentage was 49.56%⁵⁶.

56 Annual Report on Monitoring ENER in 2022, Огледало на Владата: Учество на јавноста во процесите на подготовка на закони (rcgo.mk)

3.5. Other state control bodies contributing to the fight against corruption

3.5.1. Inspection Council

The Inspection Council is the key institution in the inspection supervision system. In 2019, its status has been changed to an independent state administration body, the basic authority of which is the monitoring and coordination of the operation of the inspection services at the central level. In Article 18 of the Law on Inspection Supervision (“Official Gazette of RNM” No. 102/19), all competences of the Council, which are related, that is, refer to: the inspection services in the state administration bodies, that is, the central government; all inspectors, regardless of whether they are employed in the inspection services of state administration bodies or local self-government units; and the Council itself are enumerated.

Table 9.

Number of inspections conducted and irregularities discovered (by the inspectorates)⁵⁷

Inspection service	Regular	Extraordinary	Control	Total inspections	Total irregularities
State Market Inspectorate	3.820	18.428	6.528	28.776	8.300
Steta Labor Inspectorate	6.315	12.558	6.044	24.917	3.100
State Technical Inspectorate	898	91	57	1.046	36
State Foreign Exchange Inspectorate	5	11	0	16	0
State Environmental Inspectorate	1.369	349	382	2.100	369
State Sanitary and Health Inspectorate	3.430	1.732	708	5.870	578
State Transport Inspectorate	2.563	681	457	3.701	1.310
State Inspectorate for Construction and Urban Planning	51	66	5	122	6
State Communal Inspectorate	149	22	16	187	16

57 Godishen-Izveshtaj-za-rabota-na-inspekciskite-sluzbi-2022-godina.pdf

State Agriculture Inspectorate	2.095	44.135	640	46.870	844
State Inspectorate for Forestry and Hunting	1.197	690	171	2058	252
State Education Inspectorate	5.034	967	283	6284	477
State Administrative Inspectorate	432	1.394	667	2.493	873
State Inspectorate for Local Self-Government	1.191	82	6	1.279	8
Inspectorate for the Use of Languages	82	14	4	100	91

Source: Annual report on the work of inspection services in 2022

3.5.2. State Audit Office

According to the Annual Report of the SAO, in 2022, 188 audits, of which 170 regularity audits, 12 performance audits and 6 compliance audits were conducted. In 2022, the SAO identified 1,242 situations in 223 audit reports⁵⁸. In the course of 2022, the SAO has provided a total of 775 recommendations. According to the law, the institutions are obliged to implement the recommendations presented in the SAO's audit reports. Thereby, the legal representative of the entity is responsible for informing the SAO about the measures taken to implement the recommendations in the audit reports within 90 days. The SAO also receives information from the institutions on their progress in implementing the recommendations. In 2022, measures were taken for a total of 234 recommendations provided by the SAO.

The SAO regularly informs the public by publishing its annual reports, audits conducted and financial statements, as well as communicates with more than 1,110 stakeholders. In 2022, 512 media announcements for final audit reports were made, of which 92 announcements were made by the televisions and 420 by the internet portals.

58 https://dzt.mk/sites/default/files/2023-06/DZR_Godisen_izvestaj_2022_mkd_0.pdf

The SAO audited the financial statements, as well as the compliance audit of AD MEPSO for 2021. The operator's loss of almost 14 million euros attracted the greatest public attention. Namely, in 2021, a value adjustment was made for part of the claims under reprogrammed contracts from BOS and for fines and damages due to interruption of delivery of the contracted electricity in the amount of 15 million euros. Part of the claim, in the amount of 1.2 million euros, was collected in 2022⁵⁹.

In 2022, the Parliament of RNM and the SAO signed the Memorandum of Cooperation in order to enhance the activities and the exchange of information between these two institutions in the area of strengthening the efficiency and transparency of public financial supervision⁶⁰.

3.5.3. Public Revenue Office

Every year, the Public Revenue Office (PRO) publishes an annual report on its activities. This annual report is publicly available. It contains detailed information on audits, checks and other activities performed by tax auditors, as well as on the results obtained by these activities. This transparency in reporting is essential to promote accountability and provide insight into the efforts and results of the tax administration.

Within the PRO, there is a tax inspectorate that conducts tax audits on private entities. In 2022, a total of 2,544 tax audits (CIT, PIT and VAT) were conducted. Assessments were identified in 1,215 cases, which represents 47.8% of the total number of tax audits conducted. Also, in 2022 3,858 other audits were conducted and audits by function (without tax findings). Other audits and audits by function (without tax findings) refer to the verification of a specific factual situation and resulted in a finding⁶¹.

Table 10.

Audits performed, based on taxes, by year

	2020	2021	2022
Number of audits	2.745	3.031	2.544
With assessments	1.307	1.363	1.215

Source: Annual reports, PRO

In 2022, the PRO made a total revenue from taxes and social contributions from salary in the amount of 198.01 billion denars, which represents 99.67% of the total planned revenue for 2022⁶².

59 https://dzt.mk/sites/default/files/2023-06/DZR_Godisen_izvestaj_2022_mkd_0.pdf

60 https://dzt.mk/sites/default/files/2022-10/Memorandum_Sobranie_RNM_DZR.pdf

61 http://www.ujp.gov.mk/files/attachment/0000/1503/08-5075_1_Godisen_izvesta_na_UJP_za_2022.pdf

62 http://www.ujp.gov.mk/files/attachment/0000/1503/08-5075_1_Godisen_izvesta_na_UJP_za_2022.pdf

3.5.4. Customs Administration

Every year, the Customs Administration publishes an annual report on its activities, which is publicly available. The annual reports contain detailed information on inspections, checks and other activities carried out by customs inspectors, as well as on the results achieved by these activities.

In 2022, based on the reports, fines in the amount of 694 thousand euros were imposed for 1,616 customs violations committed. By the Department of Investigations, in 2022, a total of 32 criminal charges were filed for committed crimes discovered during controls. In 2022, 14 financial investigations were initiated against 22 individuals and 9 legal entities. Initiatives have been submitted to the Public Prosecutor's Office regarding the provision of equipment, residential buildings and vehicles in the total value of 20.67 million denars.

Additionally, in 2022, a total of 165 internal controls and investigations were performed. Out of these, irregularities or non-compliance with customs regulations were discovered in 51 cases. In response to these findings, disciplinary action was taken, resulting in the following actions⁶³:

- 5 written warnings;
- 14 fines;
- 1 termination of an employment contract; and
- 34 fines based on salary reduction decisions.

In 2022, the Customs Administration collected revenues in the amount of 119.15 billion denars, which represents 48% of the revenues collected in the RNM budget and 83% of the total tax revenues realized in the country. The Customs Administration is working on digitalization of customs operations, as a priority of the Administration, in order to provide more efficient services, exchange between institutions, more efficient controls and reduction of the gray economy.

3.6. Public Procurement

North Macedonia is moderately prepared in the area of public procurement. According to the EU, national authorities should implement more effective anticorruption measures in public procurement. The Law on strategic partnership for the construction of corridor 8 and part of corridor 10, adopted in 2021, caused concern due to the exemption of the project from the application of the Law on Public Procurement and the direct award of the contract without a competitive procedure. As emphasized in the EU report, it is necessary to establish an effective exchange of data and information between the Public Procurement Bureau, the Commission for the Protection of Competition, the SAO and the SCPC⁶⁴.

In 2022, the public procurement market amounted to 8.6% of the country's GDP and represented 25% of the state budget⁶⁵. 28,313 public procurement contracts, with a total value of 68 billion denars, that is, 1.1 billion euros, were concluded. The value of purchases in 2022 decreased by

63 Annual Report 2022 pdf (customs.gov.mk)

64 North Macedonia Report 2022.pdf (europa.eu)

65 North Macedonia Report 2023

14%, that is, by 11 billion denars (179 million euros), compared to the previous year. Every third public procurement contract in 2022 was concluded in a procedure in which only one company participated. It is about 9,305 contracts, with a total value of 26 billion denars (427 million euros). The average number of offers in all public procurement procedures in 2022 amounted to 3 offers per tender, which indicates a decrease in competition compared to 2021, when on average 3.3 offers per tender were submitted. The absence of competition leads to an increase in the risk of not getting the best value for money spent in the tenders and a high concentration of the value of the tenders in a small number of companies⁶⁶.

The reasons for the deterioration of competition can be grouped into three main categories, as follows: the discriminatory conditions set in the tender documentation, the discriminatory attitude of the institutions that lead to an increase in the mistrust of the business sector and discourages them from future participation in public procurement and reasons that stem from favorable technical specifications describing desired products, rather than enabling competition among bidders⁶⁷.

One of the key indicators of problems in public procurement is the high number of cancellations. Instead of decreasing, the number of cancellations in 2022 has increased by 2 p.p. in relation to 2021 and amounted to 7,048. The lowest price was used as a criterion for selecting the most favorable offer in the tender procedures in as many as 94% of the tenders conducted in 2022, the same as the previous year⁶⁸. The data indicate that the use of a negotiated procedure without prior publication of a call decreased to 6.6% in 2022, from 8% in 2021⁶⁹. Considered at the level of institutions, two thirds of the value of the contracts concluded without publication of a call belong to AD Elektrani⁷⁰.

The 2022 report has not been published on the website of the Public Procurement Bureau yet.

In 2022, the SAO audited a value of 2.95 billion denars or 48.5% of the total value of awarded contracts for public procurement at 333 entities covered by the audits and identified irregularities in the value of 0.99 billion denars or at 33% of the audited public procurement⁷¹.

The irregularities mainly refer to weaknesses in the implementation of concluded contracts after public procurement, not implemented procedures for public procurement, weaknesses in the planning of public procurement, irregularities in the preparation of tender documentation/ technical specifications, weaknesses in the adoption of decisions on public procurement and restrictive elements contained in the tender documentation regarding the competition.

66 38mk.pdf (ccc.org.mk)

67 Ibid.

68 Ibid.

69 North Macedonia Report 2023

70 Ibid.

71 DZR_Godisen_izvestaj_2022_mkd_0.pdf

A series of horizontal orange lines on a white background, intended for handwriting practice.



4.

Judiciary in
Anticorruption



The Macedonian judiciary system is currently dealing with significant challenges, particularly with its management and case allocation. The analysis prepared by the Judicial Council, to show the optimal number of judges, identifies a shortage of more than 60 judges in the Supreme Court, in the High Administrative Court and in the four appellate courts in the country⁷². Even the Judicial Council itself, which guarantees the autonomy and independence of the judiciary, recently underwent changes in its internal structure, which was assessed by the judiciary professionals and legal experts as illegal and may have a negative impact on its credibility⁷³. Subsequently, the Ministry of Justice, in November 2023, initiated the establishment of a working group for the reform of the Judicial Council and overcoming weaknesses in relation to legal solutions and their application in practice⁷⁴. Additionally, the Commission for Supervision of the functionality of the ACCMIS in the courts has identified incomplete compliance with the legal provisions for exclusion, inclusion and exemption of judges and non-continuous archiving of cases⁷⁵.

In parallel, the Public Prosecutor's Office is facing its own challenges, such as the retirement of 10 prosecutors who are eligible for retirement in June 2022⁷⁶. The Basic Public Prosecutor's Office for Prosecution of Organized Crime and Corruption, which inherited the cases from the former Special Public Prosecutor's Office (SPPO), has not yet moved to its new premises, has an insufficient budget and number of employees, and currently works with only 14 prosecutors. This has an impact on the efficiency of this institution in the fight against corruption and crime, further aggravated by the absence of an electronic case distribution system provided for by the Law on Public Prosecutor's Office as of 2020. Additionally, recent amendments to the Criminal Code have implications for current cases, affecting approximately 200 defendants in 26 court cases, who are being prosecuted for abuse of office⁷⁷. Overall, the judiciary in North Macedonia faces challenges related to maintaining credibility, distribution of cases, insufficient technical equipment and human resources management, which require comprehensive reforms for its effective and transparent operation.

According to the data published by the SSO, related to crimes against official duty, there are notable fluctuations in the number of cases reported on an annual level, with the highest number of criminal complaints in 2019 (740) and subsequently decreasing in the following years, whereas the number of criminal charges is the highest in 2022 (147), and the lowest in 2019 (87). There is a similar trend in terms of the number of judgements, which is also the highest in 2022 (98), and the lowest in 2019 (53).

72 <https://360stepeni.mk/analiza-na-sudskiot-sovet-vo-chetirite-apelatsiski-suda-vo-zemjava-nedostigaat-vkupno-49-sudii-najmnogu-vo-skopskiot/>

73 <https://www.dw.com/mk/kredibilitetot-na-sudskiot-sovet-na-test-raste-pritisokot-za-ostavki-i-odgovornost/a-65479452>

74 <https://www.pravda.gov.mk/vest/6615>

75 <https://www.slobodnaevropa.mk/a/32572519.html>

76 Analysis, Comprehensive assessment of the implementation of the Strategy for Reform of the Judicial Sector (2017-2022), European Policy Institute - EPI.

77 <https://www.dw.com/mk/so-izmenite-na-krivicniot-zakonik-se-zasegnati-197-obvineti-vo-36-sudski-procesi/a-67153343>

Table 12.*Crimes against official duty*

Stages of the Criminal Procedure	2022	2021	2020	2019
Criminal complains	495	487	516	740
Criminal charges	147	129	105	87
Judgements	98	80	75	53

Source: Makstat database

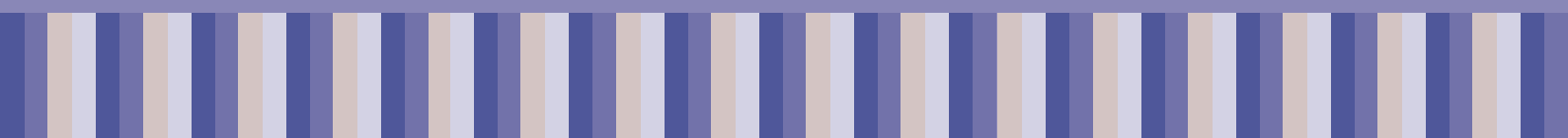
Amendments to the Criminal Code (Art. 394 - Criminal association and Art. 353 - Abuse of office and power) deleting paragraphs and prescribing lower penalties for crimes committed with corruption have an impact on ongoing investigations and court cases. There is almost no criminal charge against the larger cases of the former BPP0 that is not affected by these legal changes. Namely, for a total of 14 court cases, in which more than 80 people are accused, there will be an absolute statute of limitations for criminal prosecution. Some of them are in the case related to the procurement of equipment for the Administration for Security and Counter Intelligence (UBK) in the “Treasury” case, the “Trajectory” highway construction case, the “Target-Fortress” mass wiretapping case and the two “Talir” cases for illegal financing of a political party⁷⁸.

The amendments encourage the closure of numerous cases, potentially freeing a significant number of former officials from criminal prosecution. The amendments not only affect specific investigations, but also raise broader concerns about potential consequences for ongoing legal proceedings and overall enforcement of laws related to corruption and abuse of power.

78 <https://prizma.mk/zakonski-izmeni-za-atentat-na-slucaite-za-zloupotrebi-na-sjo/>

5.

Corruption and the Economy



5.1. Situation in the country

The economy of North Macedonia has been significantly affected by the recession caused by the Covid-19 pandemic and by the recent energy crisis, fueled by the Russian invasion of Ukraine and North Macedonia's heavy dependence on fuel and electricity imports. These circumstances have contributed to the country's significant financial gap. In order to support the economic stabilization of North Macedonia and the core reform agenda, the EU announced micro-financial aid in the form of loans worth 100 million euros⁷⁹.

According to the SSO's estimation data, in 2022, real GDP grew by 2.1%, which is a slowdown compared to the growth of 3.9% in 2021. Namely, in the course of 2022, the adverse effects of the military conflict in Ukraine came to the fore, imposing new global challenges related to the energy crisis and high inflation rates, which led to a slowdown in the economic growth. In 2022, there was a notable acceleration of the inflation, whereby the average inflation rate reached 14.2%. The main factor for the more pronounced upward movements of domestic prices is the historically high increase in the import prices of food and energy products. These changes are mostly associated with the post-pandemic disruption of global supply chains, as well as the effects of the war in Ukraine. The transition of a part of the unemployed persons to the inactive population is the main reason for the further reduction of the unemployment rate, which in 2022 decreased to the historically lowest level of 14.4% (annual decrease by 1.1 p.p.)⁸⁰. According to the World Bank's *Ease of Doing Business*, North Macedonia is ranked in 17th place with 80.7 points⁸¹.

According to the data of the International Monetary Fund (IMF), the share of the gray economy in the overall economic sector of North Macedonia is 37.6%⁸². According to this data, the country is in fourth place in the region of Southeast Europe.

According to the SSO's data, informal employment as a segment of the gray economy has noted a decline both in absolute amount and as a percentage of formal employment, since 2008 onwards.

79 <https://www.consilium.europa.eu/en/press/press-releases/2023/07/10/council-adopts-100-million-assistance-to-north-macedonia/>

80 Годишен_извештај-2022-НБ.pdf (nbrm.mk)

81 Doing Business in North Macedonia - World Bank Group

82 Министерство-за-финансии-и-органи-во-состав_-Анциски-план-за-сузбивање-на-сивата-економија-2021-2022.pdf (vnesiboja.mk)

Table 13.*Formal and informal employment, by age groups, by years*

Age groups	2021			2022		
	Total	Formally employed	Informally employed	Total	Formally employed	Informally employed
15-24	42.894	35.603	7.291	40.127	33.036	7.091
25-34	194.272	175.502	18.770	153.763	137.028	16.736
35-44	232.082	208.075	24.007	192.776	174.668	18.108
45-54	195.947	172.988	22.959	172.269	153.518	18.751
55-64	120.485	103.979	16.506	122.921	106.805	16.116
65 +	9.406	2.788	6.618	10.177	2.660	7.518
Total	795.086	698.935	96.151	692.033	607.715	84.320

Source: Makstat database⁸³

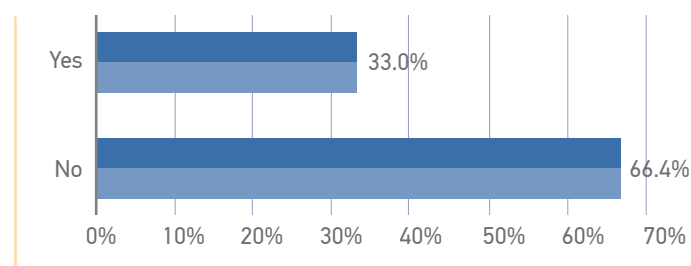
Based on the data, it follows that in 2021 and 2022 out of a total of 100 employees in the country, 12 people were informally employed.

According to the CMS data, in 2023, 45.4% of the respondents stated that they have a basic paid job, and 9.5% of them also work an additional paid job.

Two key elements of informal employment are working without a written contract between the worker and the employer and paying workers a higher salary than the one specified in the signed contract, and it is a subject to some verbal agreement between the employer and the workers.

According to the survey data, 86.8% of respondents have a written contract with their employer, while 3.4% responded that they do not have a written contract. However, it is important to point out that a high 33.0% of the respondents stated that they receive a higher salary than the one regulated in the contract with their employer.

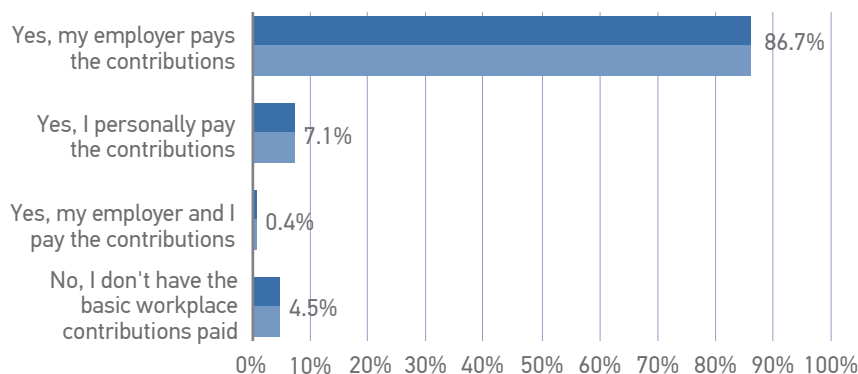
Figure 19.
Workers who receive a higher salary than the one specified in the contract with the employer

*Source: Corruption Monitoring System, 2023*

83 Формална и неформална вработеност, по пол и возрасни групи, по години. PxWeb (stat.gov.mk)

According to the survey data, the majority of respondents have paid contributions at their workplace (86.7%), and only a small part (4.5%) declared that they do not have contributions paid at their workplace.

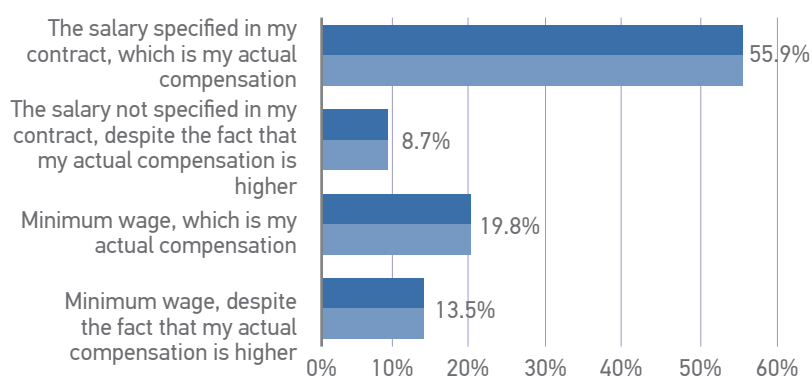
Figure 20.
Workers with the basic workplace contributions paid



Source: Corruption Monitoring System, 2023

When it comes to the payment of workplace salary contributions by employers, there are different mechanisms and practices. The survey figures indicate that 22.2% of the respondents stated that their contributions were paid on the basis of a lower salary or on the basis of the legal minimum wage, although the actual financial compensation for their work was higher.

Figure 21.
Basis for the the basic workplace contributions paid



Source: Corruption Monitoring System, 2023

Some areas are more susceptible to informality, such as workers in the agricultural sector, who work on their own family holdings and farms. According to the survey, 10.9% of respondents work on their own family agricultural holdings and farms. Additionally, 4.4% performed paid services for friends, relatives or other acquaintances.

5.2. Measures in combatting the gray economy

In 2018, the Ministry of Labor and Social Policy (MLSP) published the Strategy for the Formalization of the Informal Economy 2018-2022⁸⁴, having the purpose of creating basic preconditions for sustainable and continuous economic growth, a higher standard of living and favorable business environment and ensuring equal conditions for all market participants, supporting the transformation of informal economic activities into formal ones, as well as preventing illegal cash flows.

Towards the end of 2021, “Let’s add color to the gray economy” campaign, the purpose of which is to raise awareness of the consequences of unregistered economic activities on the quality of life of every citizen, as well as to encourage their reduction^{85,86}, was launched. The campaign will also have an educational role, whereby the citizens can be informed about what the gray economy is, how they can recognize it and what are the consequences of supporting it. The Ministry of Finance, together with the bodies within the ministry, also worked on supplementing the Action Plan for Suppression of the Gray Economy in the direction of raising awareness of the consequences of the gray economy and the need to reduce it⁸⁷.

The Action Plan for Suppression of the Gray Economy covers several priorities: improving the process of measuring, monitoring and detecting the gray economy, incentive activities for the formalization of the gray economy, raising awareness of the gray economy and strengthening tax morale, strengthening inspection services, improvement of the legal regulation, as well as implementation of measures in the area of the Customs Administration, where e-commerce products will also be covered.

The Ministry of Finance announced that the fight against the gray economy is part of the public finance reform. By the system changes, a series of measures will be taken to formalize the informal sector. The Action Plan for Suppression of the Gray Economy covers both sides of the informal sector – supply and demand. The mechanisms to combat the informal economy are the incentives, preventive measures for the transition to formal products and services, improving the efficiency of inspections and supervision⁸⁸. As part of the campaign, a “198” telephone line was opened for reporting the gray economy.

In order to continue and improve the framework and policies for reducing and formalizing the informal economy, in 2023, the new Strategy for Formalization of the Informal Economy (2023-2027) and Action Plan⁸⁹, prepared through intersectoral cooperation, being based on a comprehensive approach in tackling the informal economy, were adopted. Additionally, by a decision, the Government has established the National Council for Formalization of the Informal

84 Стратегија за формализирање на неформалната економија во Република Македонија 2018-2022. doc (live.com)

85 Vnesi Boja – Vnesi boja vo sivata ekonomija

86 Внеси боја – кампања за подигнување на свеста за последиците од сивата економија - Министерсво за финансии (finance.gov.mk)

87 Министерство-за-финансии-и-органи-во-состав_-Акциски-план-за-сузбивање-на-сивата-економија-2021-2022.pdf (vnesiboja.mk)

88 Бесими: Низа мерки за сузбивање на сивата економија, дел од реформата - Министерсво за финансии (finance.gov.mk)

89 Strategija-za-neformalna-ekonomija-2023-2027_korekcija-28082023-2-1.docx (live.com)

Economy, which consists of 20 members, highest level representatives of the institutions, that are in charge of the activities to reduce the informal economy. The role of the Council is to provide guidance for the measures and activities according to the Strategy and the Action Plan. The medium-term goal, that is, until 2027, is to reduce the informal economy by 9 p.p., as a result of the undertaken activities⁹⁰.

As a measure to reduce the gray economy in 2019, by a legal decision, the Government launched the “My VAT” project, by which everyone who is registered on the e-Personal Tax system, through the My VAT online application, has the opportunity to scan the barcode of the fiscal receipts and exercise the right to a refund of 20% for Macedonian goods and services, or 10% for other goods and services of the VAT amount paid.

The “My VAT” project has been successfully operating for four years, and since April 2023 the quarterly return of funds also increased from 1,800 denars to 2,100 denars⁹¹. By increasing this amount, an effort is made to increase the motivation of citizens to scan the fiscal receipts and to influence combatting the gray economy.

“My VAT” as a measure is estimated to be effective in structurally increasing VAT revenues. According to the calculations of *Finance Think*, the introduction of the “My VAT” measure, on average, has contributed to higher VAT revenues in the volume of 3.1%, whereas, on average, around 10% of the size of the informal economy would be reduced, that is, transferred to the formal economy by the “My VAT” measure, which is equivalent to 2.3 p.p. of the size of the gray economy⁹².

As a measure to combat the informal economy in the period **from June 1, 2019 until December 26, 2019**, according to the Law on Prevention of Money Laundering and Financing of Terrorism (“Official Gazette of the RM” No. 120/18), it was **prohibited to pay cash for goods and services in the amount of 500 euros or more in Denar counter value** by means of one or more obviously related transactions, which was not made through a bank, savings house or through an account in another institution that provides payment services. By the amendments to the law, in the same year (**Official Gazette of RNM number 275/2019**), an amendment was made and it was possible to pay cash in the amount of up to 3,000 euros in Denar counter value (instead of the previously determined amount of 500 euros), which was assessed by experts as a serious setback in combatting the informal economy⁹³.

90 Координативен состанок во МФ и подготовки за Националниот совет за формализација на неформалната економија - Министерство за финансии (finance.gov.mk)

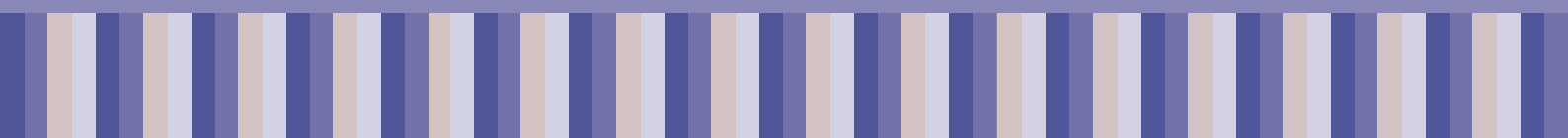
91 Управа за јавни приходи на Република Северна Македонија (ujr.gov.mk)

92 PolicyBrief_no.-62-МК.pdf (financethink.mk)

93 120751_СИВИОТ_ДЕЛ_НА_МАКЕДОНСКАТА_ЕКОНОМИЈА_-_ГОЛЕМИНА,_ИМПЛИКАЦИИ,_РЕШЕНИЈА.pdf (mchamber.mk)

6.

Civil Society in Anticorruption



6.1. Activities of the Civil Society Organizations for Anticorruption

According to data provided by the Central Registry of the Republic of North Macedonia (CRRNM)⁹⁴, by the end of 2022, a total of 11,507 organizations with a total of 1,742 employees were registered in North Macedonia.

There is a variety of civil society organizations that work on advocacy and service delivery. Regarding the anticorruption work, in 2014, 15 civil society organizations, the number of which increased to 18 in 2023, joined forces to build the Platform of Civil Society Organizations for Fight against Corruption. The platform is active in joint activities for legislative anticorruption reforms, it participates in working groups for legal changes in the area of anticorruption measures, good governance, and its members cooperate with state institutions, in particular with the SCPC⁹⁵.

Three main institutions and mechanisms are in charge of facilitating cooperation between the Government and the civil society organizations as a whole, that is, the Council for Cooperation between the Government and the Civil Society, the Unit for Cooperation with the NGOs and the network of public officials for monitoring the implementation of the Strategy. According to the results of the survey of civil society organizations in 2022, 61.6% of them are informed about the operational activities of the Council, whereas 29% of those informed about the Council agree with the statement that the Council's decisions are based on the recommendations and contributions of civil society organizations⁹⁶. According to the same survey result, 36% of the civil society organizations consider the Council to be a relevant body for cooperation and influence in policy making. There is no specific body for cooperation between civil society organizations and state institutions only for anticorruption measures, but there is a representative of civil society organizations for democracy and good governance within the Council for Cooperation.

In 2022, the process of changes to the Law on Associations and Foundations (LAF) began and a working group was formed within the Ministry of Justice. However, in the process of working with the group, the MPs submitted amendments to the LAF, which were accepted in a fast procedure. The adopted amendments prohibit civil associations and foundations from using names and pseudonyms that are associated with fascism, Nazism, genocide, the Third Reich, etc. The amendments to the LAF envisage that the registration of an organization and the establishment of an organization is prohibited if the title, name, abbreviated name, program, goals, activities and their action are aimed at the violent destruction of the constitutional order of North Macedonia, initiation of military aggression and inciting national, racial, religious hatred or other forms of intolerance, hatred, genocide or support, incitement and endorsement of fascism, Nazism, National Socialism and the Third Reich, undertaking activities related to terrorism, undertaking activities contrary to the Constitution or the law and undertaking activities that violate the freedoms and rights of other persons. Of particular importance is the fact that the law has a retroactive effect and applies to associations and foundations that have already been registered and are obliged within three months as of the date of entry into force of the amendments to the law to harmonize their name and/or abbreviated name, program, goals and activities in the Central Registry of North Macedonia.

94 Data obtained from the CRRNM through public information request

95 <https://www.antikorupcija.mk/en/%d0%b8%d1%81%d1%82%d0%be%d1%80%d0%b8%d1%98%d0%b0>

96 CSO Enabling Environment Report 2022

A large number of civil society organizations continue to have foreign donors as a source of funding, in particular when it comes to activities related to the fight against corruption. Funding by the state continues to be an unrecognizable source of income for civil society organizations and is available only to a limited number of organizations⁹⁷. In the last three years, the share of funding by the state at the central level remains around 5%⁹⁸ in the total income of the civil society organizations. According to the Government's Strategy for cooperation with civil society organizations, this percentage should gradually increase to 30%.

6.2. Media

North Macedonia is between some and a moderate level of readiness in terms of freedom of expression. Generally speaking, limited progress has been made. The general context is conducive to media freedom and allows for critical reporting by the media. The amendments to the Criminal Code and the Law on Civil Liability related to defamation increase the level of legal protection of journalists. However, a large number of attacks, threats and some intimidation of journalists have been still identified in the area of media freedom, the European Commission has noted in the latest 2023 country report.

In the area of intimidation of journalists, the European Commission has stated that last year the Ministry of Interior registered 17 cases of attacks on journalists and opened investigations thereto. The Association of Journalists registered 14 incidents involving journalists, four of which involved physical attacks or illegal detention, as well as 11 involving verbal attacks, threats and other forms of intimidation. The Agency for Audio and Audiovisual Media Services and the media associations regularly condemn such incidents⁹⁹, the EC has noted.

The latest developments around the court process against the Investigative Reporter Lab (IRL), which does full investigative journalism in the fight against corruption, undermines the basic principles and freedoms of civil society organizations and media in the country¹⁰⁰. IRL were convicted of defamation for disclosing suspicions of corruption, and despite the defamation conviction, the court allowed itself to interpret and challenge their journalistic activity. Not allowing critical thinking for certain social phenomena directly contradicts the principles of democracy and good governance, therefore the civil society sector reacted to it. Undermining these postulates only creates closed and captured institutions that do not take responsibility for their negative activities¹⁰¹.

According to the CMS data, citizens continue to use the most traditional way of reporting, the television, to inform themselves about everyday social and political issues, that is, 62.9%, followed by social networks, such as Facebook, Twitter, etc., that is, 62.4%.

97 CSO Enabling Environment Report 2022

98 <https://www.otcetnigo.mk/wp-content/uploads/2021/09/Infografik-04.jpg>

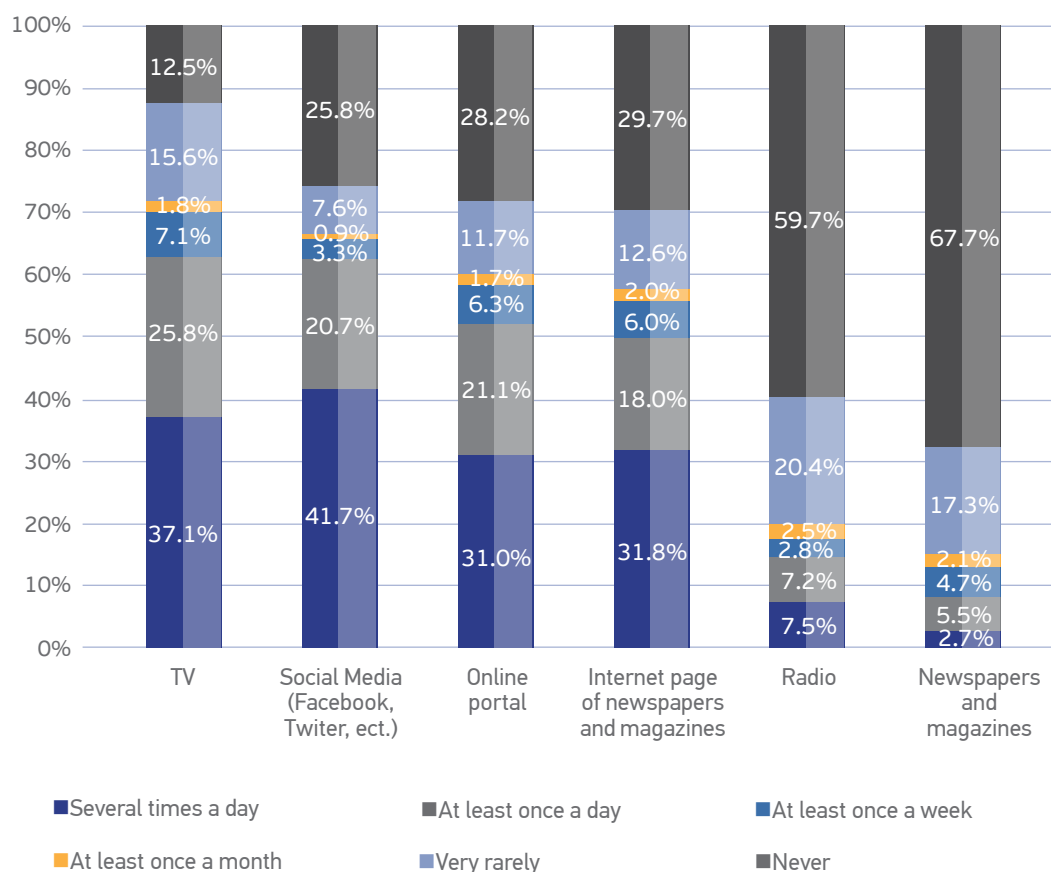
99 https://neighbourhood-enlargement.ec.europa.eu/north-macedonia-report-2023_en

100 <https://irl.mk/irl-ne-se-osudeni-za-kleveta-osudeni-se-zatoa-shto-postojat/>

101 <https://mcms.mk/mk/vesti-i-javnost/vesti/2502-gragjanskite-organizacii-ostro-ja-osuduvaat-presudata-protiv-irl-za-kleveta-i-baraat-da-se-utvrди-odgovornost-za-donesuvanjeteto-na-istata.html>

Figure 22.

Using different media to get informed about certain issues and daily developments



Source: Corruption Monitoring System, 2023

North Macedonia is ranked in 38th place out of a total of 180 countries in the world according to the World Press Freedom Index published by Reporters Without Borders. The country has recorded a jump of 19 places compared to 2022, and it is positioned as best in the Western Balkan region. In the report on North Macedonia, Reporters Without Borders have stated that even though journalists do not work in a hostile environment, widespread misinformation and lack of professionalism contribute to the decline of society's trust in the media, which exposes independent media to threats and attacks. The tendency for government officials to have bad and humiliating attitudes towards journalists continues¹⁰².

102 <https://rsf.org/en/index>

7.

International
cooperation



The international institutions have a significant role in the overall development of anticorruption policies based on several perspectives, starting with the overall monitoring and evaluation, continuing with institutional strengthening support and support to civil society. In the last two years, the donor community has increased the financial support within the thematic areas of good governance and anticorruption. Namely, according to the data of the Central Donor Assistance Database (CDAD) of the Government of RNM received through the Request for Access to Public Information¹⁰³ to the Secretariat for European Affairs (SEP), in the period from January 01, 2022 until October 31, 2023, foreign aid in the amount of 575 million denars has been registered in these thematic areas.

To be more precise, in 2022, 120 million denars were registered, whereas in 2023, as of October, 455 million denars were registered. The biggest donor is USAID and the US Embassy in Skopje with support in the amount of 404 million denars. The EU follows immediately after with 158 million denars, and the support of 7.4 million denars to the Ministry of Foreign Affairs by the Kingdom of Norway as well as 2.8 million denars by UNHCR is also significant. The rest of the registered funds represent minor international or bilateral support. Unlike in the past, when the donor support was mainly aimed at strengthening state institutions as the main anticorruption actors, in recent years the donor community has been increasing support to other actors as well. An example of that is the “Citizens Against Corruption Activity”¹⁰⁴ program, supported by USAID and implemented by MCIC. This program aims at increasing the engagement and cooperation of citizens, civil society, media and the private sector in the fight against corruption. The program started to be implemented in April 2023 and it will be implemented in a period of 5 years, whereas the total budget is 345.5 million denars. For almost a decade, the EU has been supporting the activities of the Southeast Europe Leadership for Development and Integrity (SELDI) network, which is active in the field of good governance and anticorruption. SELDI¹⁰⁵, led by MCIC, in January 2023 started implementing the new regional four-year program, with a total budget of 90.6 million denars, which aims at improving participatory democracy and the process of moving closer to the EU by consolidating and strengthening the influence of civil society in the policy making and reform processes in the Western Balkan region in the area of anticorruption, rule of law and good governance. The activities are carried out in the six Western Balkan countries.

In addition to the financial support registered in CDAD, it is significant to mention the “Partnership Against Corruption Activity” program, also supported by USAID, the implementation of which began in the third quarter of 2023. This program will be implemented over a period of 5 years, and the total budget is 691.2 million denars. Through this program, the Government of RNM and its institutions will be supported in tackling corruption and their transparency and accountability will be enhanced. Also, the Swiss Agency for Development and Cooperation (SDC), which in 2023 appears among the larger donors, announced a call, which will be awarded at the end of the year, and it refers to Strengthening Municipal Resilience to Corruption in North Macedonia. This support amounts to 700.4 million denars, and it will be implemented over the course of the next 11 years.

103 SEP’s response to the Request for Access to Public Information No 17-2009/2 as of 14.11.2023

104 Програма „Граѓаните против корупцијата“

105 Регионална мрежа за антикорупција (PMA)

The EU continuously monitors the anticorruption policies and evaluates the problems related to corruption and the effect of anticorruption measures taken by the politicians and the civil society. The European Commission's 2022 Progress Report on North Macedonia¹⁰⁶ has established that the country has achieved some level of preparedness, that is, it is moderately prepared for the fight against corruption. However, just one year later, the EC's 2023 Progress Report¹⁰⁷ is much more worrying. In this report, the progress scores are weaker than last year, thus instead of "some progress", the dominant score is no progress or "limited" progress. In this report, the evaluations in the judiciary and the fight against corruption as key areas on which the overall course of the EU membership negotiations depends are particularly alarming. In the area of corruption, it has been noted that there is no progress, and in particular, serious concern is expressed in terms of the consequences of the amendments to the Criminal Code¹⁰⁸. These conclusions justify the increased concentration of financial support in the fight against corruption by the international community, in particular the last year.

The civil society organizations that actively work in the field of fight against corruption, in the past period, have advocated for the continuation of activities to monitor the implementation of the recommendations of the United Nations Convention against Corruption (UNCAC) reviews. For this purpose, the Ministry of Justice, as the line ministry for the UNCAC implementation, in 2021, started a process of consultation with the civil society organizations to formulate a plan of activities to overcome the challenges identified within the second cycle of the UNCAC implementation review¹⁰⁹. Despite the fact that civil society organizations and other stakeholders and institutions were involved in the preparation of this plan, there is no publicly available information about the degree of fulfillment according to the defined deadlines. MCIC remains a leader in the commitments to implement the UNCAC in the country. For this purpose, in 2022, it organized a two-day national workshop for the UNCAC implementation in which several stakeholders, including civil society organizations, the private sector, media and state institutions, took part¹¹⁰. Additionally, MCIC, through its cooperation with the UNODC, was actively involved in the promotion of the need for engaging the private sector in the UNCAC implementation through the development of a "Guide on Engaging the Private Sector" in the UNCAC implementation in Southeast Europe¹¹¹.

106 North Macedonia Report 2022

107 North Macedonia Report 2023

108 Кратка анализа на Извештајот на ЕК за Република Северна Македонија 2023 година, ЕПИ

109 pravda.gov.mk/resursi/24

110 <https://mcms.mk/mk/vesti-i-javnost/vesti/2372-lanecot-za-borba-protiv-korupcijata-ne-funkcionira-ako-zatai-barem-edna-od-instituciite-vo-nego.html>

111 <https://www.unodc.org/unodc/ngos/together-against-corruption-at-the-multi-stakeholder-workshop-in-montenegro.html> ; <https://uncaccoalition.org/9th-regional-meeting-for-europe-the-us-and-canada/>

Conclusions

Chapter 1. Level of corruption

- 1. Corruption is at the top of the scale of social problems for the second time.** In 2023, 63.5 percent of citizens (46.1% in 2021) recognize corruption as a problem that concerns them the most. Following corruption, political instability, poverty, crime and low income are identified as the biggest problems by the citizens.
- 2. The existence of a moral crisis in our society is the main factor for the spread of corruption.** For 84.9% of citizens, the existence of a moral crisis in society, followed by the inefficiency of the judicial system in the fight against corruption, the desire for quick personal enrichment of those in power, as well as the insufficient protection of persons who report corruption are leading factors for the widespread corruption.
- 3. There is a notable reduction in corruption pressure and involvement in corruption.** Corruption pressure by officials and involvement of citizens have decreased compared to the 2021 survey. In 2023, 31.3% of citizens were exposed to corruption pressure, which is a decrease of 2.4 percentage points compared to 2021, while 25.5% were involved in corruption (in contrast to 32.9% in 2021). This means that there is also an increase in citizens' resilience to corruption, that is, the difference between pressure and involvement is 5.8%.
- 4. Corruption remains unpunished in North Macedonia.** If we take into account that 25.5% of the respondents confirmed that they were involved in corruption and if that percentage was projected to the adult population, the conclusion would be that at least 372 thousand crimes in the field of corruption were committed. On the other hand, in 2022, only 98 people were convicted of abuse of office or bribery, which means institutions' efficiency rate of 0.026% of cases detected and concluded with a judgement.
- 5. The analysis of involvement according to whether there was corruption pressure or not, indicates an improvement.** In 2023, every fifth citizen who was asked for a favor in return, a gift or money, did so, while 4.2% of citizens gave a bribe, although they did not experience pressure to do so.
- 6. There are demographic differences in terms of pressure and involvement in corruption.** Unlike in 2021, the latest survey indicates that Macedonians in North Macedonia have faced significantly more corruption pressure (37.6%) compared to Albanians (22.8%).
- 7. The unacceptability of corruption among citizens remains at the same level. Two-thirds of the adult population indicates intolerance towards corruption,** that is, 62.9% of citizens disapprove of corrupt practices. Projected with the population number, it means that more than 920 thousand citizens consider that corruption is unacceptable, meaning that there is a significant number of citizens who can potentially participate in suppressing this phenomenon. However, one should not ignore the fact that projected on the adult population, it means that more than 540 thousand citizens consider that some of the corrupt practices that exist in society are acceptable.

8. **There is a notable reduction in susceptibility to corruption compared to previous years.** Namely, almost every fifth citizen (19.0%) is subject to corruption. The fact that the number (39.9%) (38.1% in 2021) of citizens who are not susceptible to corruption is growing is encouraging.
9. **Increased expectations among citizens for the existence of corruption pressure in the future as well.** A large majority of citizens or 82.0% (72.7% in 2021) consider that there will be a likelihood or a high likelihood of corruption pressure in the future. Despite the reduction of the actual pressure and involvement, the fact that eight out of ten citizens expect an increase in the corruption pressure indicates great pessimism and less hope among citizens that there will be an opportunity to tackle corruption.
10. **Corruption is highly proliferated.** Three quarters of citizens (74.4%) consider that corruption is highly proliferated among officials and this is an increase of five percentage points compared to 2021.
11. **Ministers, MPs, judges and political party and coalition leaders are perceived as the most corrupt.** Corruption is proliferated among all professions in all segments of government: judicial, executive and legislative. Over 80.0% of citizens consider these offices to be the most corrupt. In addition to them, a large majority of citizens (over 70.0%) consider that corruption is proliferated among customs officials, public prosecutors, local political leaders, businessmen and tax officials. As for teachers and bankers, out of all the 23 professions or groups listed, less than 25.6%, that is, 29.1% of the citizens consider them to be corrupt.
12. **Citizens indicate greater optimism for eradicating corruption.** Regarding the prospects for the suppression of corruption, 50.7% of citizens believe that corruption can be significantly reduced and eradicated. However, there is still a large percentage of citizens, 47.4%, who believe that corruption cannot be significantly reduced.
13. **The Ministry of Interior and the State Commission for Prevention of Corruption enjoy the greatest trust as institutions for tackling corruption.** The citizens declared that they have the greatest trust in the MOI and the SCPC for tackling corruption. Cumulatively, the sum of “complete trust” and “partial trust” responses is 33.9% for the MOI (in 2021, it was 30.3%), that is, 31.2% in the SCSC (in 2021, it was 24.2%). **Distrust in the Government is increasing significantly**, or 74.4% of citizens have partial or complete distrust in the Government when it comes to tackling corruption. The largest percentage of citizens expressed complete and partial distrust in the courts (76.0%) and in the Public Prosecutor’s Office (74.3%).

Chapter 2. Anticorruption Policies and Regulatory Environment

1. **The “National Strategy for the Prevention of Corruption and Conflict of Interest (2021-2025)”**, prepared by the SCPC and adopted by the Parliament in April 2021, continues to be the main document for anticorruption policies. According to the 2022 Annual Report of the SCPC on the implementation of the National Strategy in 2022, 10% of the activities have been fully implemented, 35% are ongoing and 55% have not been implemented.
2. According to the special powers of various state institutions, **several anticorruption policies/strategies** have been prepared, adopted and are being implemented, as follows: Strategy for the improvement of the public procurement system in the Republic of North Macedonia (RNM) (2022-2026); Plan for good governance policies under the authority of the cabinet of the DPMGRNM in charge of good governance policies, with annual action plans,

etc. A new Strategy for Transparency of the Government with an Action Plan (2023–2026) is also being prepared within the cabinet of DPMGRNM in charge of good governance policies.

3. Anticorruption legislation continues to be comprehensive and the challenge of its implementation remains. In 2019, **the Law on Prevention of Corruption and Conflict of Interest**, combining corruption and conflict of interest, was adopted. According to the **Law on Misdemeanors** as of 2019, the misdemeanor procedure has been simplified. By frequent amendments to the **Law on Internal Affairs**, the aim is to subject police personnel to regular professional integrity checks. The amendments **to the Electoral Code** have also entered into force in past years. The legal framework for financing political parties consists of two laws, namely the **Law on Financing Political Parties and the Law on Party Research and Analytical Centers**. According to the European Commission assessment, the legal framework for financing of election campaigns contains many loopholes.
4. **The Criminal Code** underwent significant changes in 2023, and it was adopted through a shortened procedure with a European flag. The amendments caused great turbulences and condemnations in the public and in the civil society sector. The amendments provided for a reduction in the length of penalties for abuse of official duty and authority and criminal association, thereby reducing the duration of their statute of limitations, and the amendments abolished the extended confiscation of illegally acquired property.
5. **The basic legal framework was subject to amendments in the past period. The Law on Courts was amended in 2018 and 2019.** The amendments aim to limit the possibility of corruption in the judicial system. In order to achieve greater transparency and efficiency, **the Law on the Council of Public Prosecutors** was also amended.
6. **A Draft Law on the Confiscation of Property in Civil Proceedings** has been prepared. According to the Government, the law will provide for the establishment of an additional mechanism for successfully preventing unjust enrichment and confiscation of property that was not acquired by legal sources. Taking into account the time limit and the dynamics of work of the working group for this law, the Platform of Civil Society Organizations for Fight against Corruption withdrew from the working group, estimating that the weaknesses identified in the proposed text cannot be substantially removed.
7. Due to serious weaknesses in relation to the existing setup of lobbying, the Law on Lobbying as of 2008 was repealed, and in 2021 the new **Law on Lobbying**, which came into force in 2022, was adopted. The law expanded the powers of the SCPC, adding the power to manage and register lobbyists and organizations.
8. **The Law on Public Procurement**, together with the by-laws, provides for a solid legal framework for establishing a modern, transparent and efficient public procurement system. In the course of 2019, **the Law on Public Procurement in the Fields of Defense and Security** was also adopted, thus the legal framework was completed. In 2021, this law was amended in order to ensure cost-efficiency and efficiency in public procurement procedures in the fields of defense and security. The Law on Concessions and Public-Private Partnership as of 2012 (Law on Concessions and Public-Private Partnerships) and its seven by-laws are not fully compliant with the EU Concessions Directive of 2014, which preceded it, but it complies with the general EU principles.
9. **The Law on Strategic Investments in the RNM**, adopted in January 2020, providing for an exemption from the application of the Law on Public Procurement, in Article 4 defines strategic investment projects and projects that are “implemented on the basis of agreements between countries” and are considered strategic projects. **The law on determination of public interest and nomination of a strategic partner for implementation of**

the construction project corridor VIII and part of corridor X as of July 2021, in its Article 4 envisages that the provisions of the Law on Public Procurement shall not be applied to the awarding of contracts related to the preparation and implementation of the project.

10. In North Macedonia, two current models for corruption risk assessment are applied. Such is the model of institutional corruption risk assessment based on self-assessment, which has been applied since 2009, in accordance with the Law on Public Internal Financial Control, managed by the Ministry of Finance. The second model is the sectoral risk assessment of an institutional nature based on an external assessment, under the authority of the SCPC.

Chapter 3. Institutional Practices and Enforcement of the Law

1. In 2020, a new Deputy Prime Minister office for fight against corruption, sustainable development and human resources, having the role of coordinator among the institutions that fight against corruption, was promoted in the Government. In 2022, by the election of the new Government, this office was renamed to **Deputy Prime Minister in charge of Good Governance Policies**.
2. In 2022, a disciplinary procedure for determining liability was initiated by the Public Prosecutor's Office, followed by a decision to remove the former **head of the BPP0-POCC** from office. The Council of Public Prosecutors has appointed a new prosecutor, whose election is considered as conflicting. The SCPC has expressed doubts about the selection criteria and the existence of some influence.
3. **The President of the Judicial Council** was dismissed from her position in April 2023. The dismissal caused a series of reactions and requests for reconsideration of this decision.
4. In the past period, there have been no changes in the mandate of the anticorruption institutions. At the central level, **the SCPC** acts as an independent specialized anticorruption institution. SCPC acts in accordance with the powers provided for in the Law on Prevention of Corruption and Conflict of Interest and submits an Annual Report on its work to the Parliament of RNM.
5. **The Parliament** does not have a specialized anticorruption committee. An Inquiry Committee can be established in the Parliament if 20 MPs (out of a total of 120) raise questions for investigating liability for corruption, which involves elected and appointed officials. In September 2023, the Parliament made a decision to establish an Inquiry Committee for the "Oncology" case, after the information about abuses of biological therapy for oncology patients and its sale was made public, for which it has already opened an investigation. Regarding the functioning of the Parliament, the use of shortened procedure with the application of the "EU flag" should be limited and should not be used to shorten public consultations or solve procedural difficulties in the Parliament.
6. **The Platform of Civil Society Organizations for Fight against Corruption** is included in the consultative process of drafting strategies and laws in the field of good governance and the fight against corruption.
7. Regarding the practice of publishing draft laws on **the Unique National Electronic Register of Regulations (ENER)**, there is still a practice that a large number of draft laws are not published on ENER and not available for public consultation.
8. **The Inspection Council** is the key institution in the inspection supervision system. In 2019, its status was changed to an independent state administration body, the basic authority of

which is the monitoring and coordination of the operation of the inspection services at the central level.

9. According to the Annual Report of the **SAO**, in 2022, 188 audits, of which 170 regularity audits, 12 performance audits and 6 compliance audits, were conducted. In 2022, the SAO identified 1.242 situations in 223 audit reports.
10. Within the **PRO** there is a tax inspectorate that conducts tax audits on private entities. In 2022, a total of 2.544 tax audits (CIT, PIT and VAT) were conducted. Assessments were identified in 1.215 cases, which represents 47.76% of the total number of tax audits conducted. In 2022, the PRO made a total revenue from taxes and social contributions from salary in the amount of 198.013 million denars, which represents 99.67% of the total planned revenue for 2022.
11. In 2022, **the Customs Administration** performed a total of 165 internal controls and investigations. Out of these, irregularities or non-compliance with customs regulations were discovered in 51 cases.
12. Every third **public procurement** contract in 2022 was concluded in a procedure in which only one company participated. The average number of offers in all public procurement procedures in 2022 amounts to 3 offers per tender. The absence of competition leads to an increase in the risk of not getting the best value for the money spent in the tenders. The lowest price was used as a criterion for selecting the most favorable offer in the tender procedures in as many as 94% of the tenders conducted in 2022. The use of a negotiated procedure without prior publication of a call decreased to 6.6% in 2022, from 8% in 2021.

Chapter 4. Judiciary in Anticorruption

1. The judiciary in North Macedonia faces **challenges** related to maintaining credibility, distribution of cases, insufficient technical equipment and human resources management, which require comprehensive reforms for its effective and transparent operation.
2. According to SSO data related to crimes against official duty, **the highest number of criminal charges (147) and judgements (98) was registered in 2022** compared to the last four years.
3. **The amendments to the Criminal Code** affect almost all criminal charges in the major cases of the former SPPO, that is, for 14 court cases, for which more than 80 people are accused, an absolute statute of limitations for criminal prosecution will occur.

Chapter 5. Corruption and the Economy

1. **Informal employment as a segment of the gray economy**, according to the SSO, has noted a decline both in absolute amount and as a percentage of formal employment, since 2008 onwards, thus in 2021 and 2022, out of a total of 100 employees in the country, 12 people were informally employed.
2. According to the survey data, **86.8% of respondents have a written contract** with their employer, while **33.0% of them receive a higher salary than the one which is regulated in the contract**. Even though, a small number of the respondents (4.5%) declared that they did not have contributions paid at the workplace, still **22.2% said that the contributions were paid to them on the basis of a lower salary or on the basis of the legal minimum wage**, even though the actual financial compensation for their work is higher.

3. In 2023, **the new Strategy for the Formalization of the Informal Economy (2023-2027) and the Action Plan**, prepared through inter-sectoral cooperation, and based on a comprehensive approach in tackling the informal economy, was adopted. In addition, the Government is establishing the National Council for the Formalization of the Informal Economy, which consists of 20 members, representatives of the highest level from the institutions, having the authority over the activities to reduce the informal economy.

Chapter 6. Civil society in Anticorruption

1. In 2022, **the Law on Associations and Foundations (LAF)** was amended by MPs submitting proposed amendments, which were accepted in a fast procedure. The adopted amendments prohibit civil associations and foundations from using names and pseudonyms that are associated with fascism, Nazism, genocide, the Third Reich, etc.
2. Even though the amendments to some laws increased the level of legal protection of journalists, **a large number of attacks, threats and some intimidation of journalists have been still identified** in the past year. Namely, the Ministry of Interior has registered and opened an investigation into 17 cases of attacks on journalists, while AJM has registered 14 incidents involving journalists.

Chapter 7. International Cooperation

1. **In the last two years, international institutions have significantly increased the financial support** in the areas of good governance and anticorruption, which, in addition to strengthening state institutions as the main anticorruption actors, is also intended to increase the engagement and cooperation in the fight against corruption of all key stakeholders.

