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BENCHER

# FROM FREE FALL TO A NEW TAKE OFF?


COUNTRY ANALYSIS | MACEDONIA

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**AN UPDATE ON THE  
CHANGES THAT HAVE TAKEN  
PLACE FROM THE FINDINGS IN  
THE 2016 EC REPORT**



Since the publishing of the last European Commission (EC) country report for Macedonia, in which it was portrayed as a captured state, a lot of things have changed in the country. Thus, this analysis covers the events that have taken place during three periods: the findings of the EC in the period up to November 2016; the events that took place up until the new government was formed, between December 2016 and June 2017; and the changes that have occurred since the new government was formed in June 2017. This structure aims to outline the recent changes that have occurred and to identify if further steps have been taken to implement some of the recommendations of the EC.

## Current state of affairs:

### A frozen recommendation and a chance to ‘defrost’

#### EC country report findings

The recommendation to open EU accession negotiations in the 2016 EC Report on the Republic of Macedonia was **frozen and once again conditioned**, just like in 2015.<sup>1</sup> The recommendation to start the negotiations was conditional upon: progress in the implementation of the Pržino Agreements, organising **credible elections**; and significant progress in the implementation of the **urgent reform priorities**. In comparison to **2015**, the report of 2016 represented “flying on the spot”, and the organising of credible elections was emphasised as a condition.<sup>2</sup> In this way the Commission validated the *Pržino Process and the Agreement for Early Parliamentary Elections*, in which the European institutions have also invested a lot of effort. This was another sign that the EC believed that these processes represented “an opportunity for the country’s leaders to finally overcome the long-lasting crisis, address systemic rule of law issues and put the country firmly back onto the EU path.”<sup>3</sup>

#### Post-report developments

The early parliamentary elections were held on the 11th December 2016, after having been postponed several times. The elections were saluted by international actors and were deemed as peaceful – “The election day proceeded in an orderly manner and without major incidents, and voters participated in large numbers. The process was generally assessed positively by observers, albeit with some procedural irregularities noted, particularly during the count and tabulation”.<sup>4</sup> The Statement of Preliminary Findings and Conclusions issued by the International Election Observation Mission (IEOM) on 12 December concluded that the “early parliamentary elections were an essential step in resolving two years of deep political crisis”.<sup>5</sup> The close results led to the forming of

1 EUROPEAN POLICY INSTITUTE (2016). *Flying on the spot or a free fall: Commentary following the European Commission Report on the Republic of Macedonia*. (EPI: Skopje), p.3. Available at: [http://www.epi.org.mk/docs/Flying%20on%20the%20Spot%20or%20a%20Free%20Fall\\_EN.pdf](http://www.epi.org.mk/docs/Flying%20on%20the%20Spot%20or%20a%20Free%20Fall_EN.pdf)

2 Ibid

3 Ibid.

4 OSCE/ODIHR (2017). *Election Observation Mission Final Report on The Former Yugoslav Republic of Macedonia: Early Parliamentary Elections 11 December 2016*. (OSCE/ODIHR: Warsaw). Available at: <http://www.osce.org/odihr/elections/fyrom/302136?download=true>

5 Ibid.

a coalition government, disputed by the former party in power and culminating in attacks in the Parliament on the 27th of April. The international community unanimously condemned the attacks, describing them as organized and ultimately as a collapse of democracy.

The new government was finally formed on the 1<sup>st</sup> of June. Although still in its early days, it has committed to free the institutions, regain the trust of the citizens and bring the country back to its Euro-Atlantic path. In an attempt to show that the EU is indeed the strategic priority of the country, ministers have engaged in resetting the prospects for EU integration and fostering friendly bilateral talks with neighbouring countries. Regarding this, the Deputy Prime Minister for European Affairs, Osmani, defined two trajectories – one for the bilateral relations with neighbours, and the other aiming to achieve a national consensus on EU reforms at home. In early August, the prime ministers of Macedonia and Bulgaria signed a treaty on good neighbourly relations which was followed by a great deal of discussion and speculation by the public.<sup>6</sup> The Deputy Prime Minister and Minister of Defence, Sekerinska, and the Minister of Foreign Affairs, Dimitrov, also reopened the NATO question, pushing for the Republic of Macedonia to enter the Alliance under the provisional reference.<sup>7</sup>

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6 SLAV OKOV (2017). *Republic of Macedonia Mends Ties With Bulgaria Eyeing EU*. (Bloomberg Politics). Available at: <https://www.bloomberg.com/news/articles/2017-08-01/bulgaria-republic-of-macedonia-sign-accord-to-repair-relations>

7 HARRY COOPER (2017). *Macedonia renews push to join NATO under provisional name*. (Politico Europe Edition: Brussels). Available at: <https://www.politico.eu/article/macedonia-nato-nikola-dimitrov-renews-push-for-to-join-nato-under-provisional-name/>

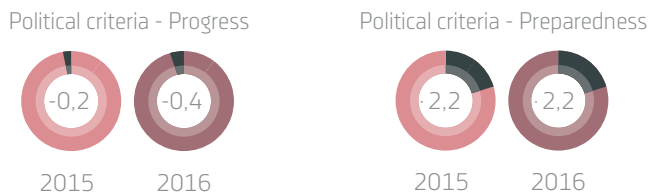


**REFORMS –  
FROM FREE FALL TO  
MARATHON REFORMS?**

## Political criteria: state capture – a chance to de-capture?

### EC country report findings

The 2016 EC assessment gave one of the harshest assessments thus far, raising concerns that the country is in “**state capture**”, in particular due to the capture of institutions such as judicial bodies, regulatory agencies and media outlets, as well as of key social sectors - key for governance, but also those with a prominent position in the conclusions of the Enlargement Strategy. The EC emphasized that political responsibility needs to be taken for the wiretap scandal and that the Parliament and judicial bodies should embrace their roles and deliver in this respect. Taking all of this into account, the overall assessment was that ‘democracy and the rule of law continue to be a challenge for the country, where narrow party interests continue to prevail’.<sup>8</sup>



### Post-report developments

The new government has published the programme of reforms they aim to undertake in the first 9 months of their governance in the plan 3-6-9.<sup>9</sup> The measures that are laid out follow a similar structure to the political criteria section of the EC country report. In its plan, the government announced that all of its measures take into account the suggestions offered by international stakeholders.<sup>10</sup> This approach represents a step forward for the government, given that they are taking into account the recommendations of international observers, experts and EU representatives. However, significant efforts will be needed to ‘repair’ a ‘broken system’, and in order to be successful simply ticking boxes based on EU guidance documents and recommendations will not be sufficient, as the reforms must come from within. This is underlined in the Assessment and recommendations of the Senior Experts’ Group on systemic Rule of Law issues 2017: “*reforms should not be rushed through*” and “*sustainable reforms will take time to be properly planned*”.<sup>11</sup>

8 EUROPEAN COMMISSION (2016). *Commission Staff Working Document – The former Yugoslav Republic of Macedonia 2016 Report accompanying the document ‘Communication on EU Enlargement Policy’*. (EC: Brussels), p.8. Available at: [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key\\_documents/2016/20161109\\_report\\_the\\_former\\_yugoslav\\_republic\\_of\\_macedonia.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/pdf/key_documents/2016/20161109_report_the_former_yugoslav_republic_of_macedonia.pdf)

9 GOVERNMENT OF THE REPUBLIC OF MACEDONIA (2017). *Plan 3-6-9*. (Government of the Republic of Macedonia: Skopje). Available at: <http://vlada.mk/sites/default/files/programa/2017-2020/Plan%203-6-9%20ENG.pdf>

10 The course of the reforms proposed by the Government of the Republic of Macedonia, presented in the “Plan 3-6-9”, are based on the Government Work Program 2017-2020, and take into account the Przino Agreement as well as: the recommendations from high-level meetings with the representatives from EU institutions; the guidelines from the European Commission in the Urgent Reform Priorities (2015); the recommendations of the group of senior experts on the systemic issues of the rule of law regarding the interception of communications (2015); a series of recommendations to the Government in previous years from the Council of Europe (Venice Commission, GRECO); the recommendations by OSCE/ODIHR; the findings and recommendations from the European Commission’s annual reports, including the High Level Accession Dialogue, the conclusions of the Ministerial Dialogue on the Economic Reform Program; and the conclusions of the regular meetings of the bodies of the Stabilization and Association Agreement.

11 EUROPEAN COMMISSION (2017). *The former Yugoslav Republic of Macedonia: Assessment and recommendations of the Senior Experts’ Group on systemic Rule of Law issues 2017*. (EC: Brussels). Available at: [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/2017.09.14\\_seg\\_report\\_on\\_systemic\\_rol\\_issues\\_for\\_publication.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/2017.09.14_seg_report_on_systemic_rol_issues_for_publication.pdf)

### EC country report findings

The EC assessment of **Elections** has been quite critical in both 2015 and 2016 and the recommendations in this area represented part of the conditions for ‘de-freezing’ the frozen recommendation to start negotiations. In 2016, new recommendations were added referring to the strengthening of the State Election Commission as well as the need to intensify the transparency of this Commission in order to increase citizens’ trust. One of the recommendations from the 2015 assessment that has been implemented in this area is the electoral code change that was amended to reflect the provisions of the 20 July agreement.

### Post-report developments

The State Election Commission (SEC) was in the public eye both prior to and after the parliamentary elections. Taking into account the recommendations of the EC and the mistrust of citizens in this Commission’s activities, as well as the long established rumors of phantom voters, the SEC was responsible for the first time for the review of the electoral register. Despite this positive start, the SEC still missed several deadlines and held closed sessions away from the public eye.<sup>12</sup> Nevertheless, the elections were assessed positively overall by the IEOM. In 2017, two key amendments to the Electoral Code were introduced, addressing the timing of municipal elections (postponing them from May to October) and the authorization of the parliament to change the composition of the State Election Commission (SEC).<sup>13</sup> The capacity of the country to hold legitimate, democratic elections was once again put to the test, this time with the new government in power. The municipal elections were positively assessed by the international election observation mission, whose statement in this regard reads: “*The holding of the 15<sup>th</sup> of October municipal elections contributed to strengthening confidence in the democratic process. Elections were held in a competitive environment with candidates generally able to campaign without restriction and fundamental freedoms were overall respected*”.<sup>14</sup>

### EC country report findings

The recommendation both in 2015 and 2016 focused on the ongoing crisis in the **parliament** and the need to improve its performance as a forum for constructive political dialogue and representation. Moreover, the EC expressed their concerns over the Assembly having failed in its role of ensuring oversight of the executive power. Both in 2015 and 2016, the report raises concerns about the inquiry into the events of the 24th December 2012, which has not been finalized despite being crucial for the functioning of parliament.

### Post-report developments

The situation has taken a downturn since the last set of recommendations laid

12 OSCE/ODIHR (2017). *Election Observation Mission Final Report on The Former Yugoslav Republic of Macedonia: Early Parliamentary Elections 11 December 2016*. (OSCE/ODIHR: Warsaw). Available at: <http://www.osce.org/odihr/elections/fyrom/302136?download=true>

13 Ibid.

14 Ibid.



out in the 2016 EC country report, with the organized attack on the Parliament on the 27<sup>th</sup> of April 2017. A large group of around 200 protesters violently entered the Parliament,<sup>15</sup> demolished parts of the building and physically attacked MPs, including the now-serving Prime Minister Zaev, leaving one MP in a life-threatening condition. In the context of these events, concerns have been raised about the inadequate and untimely reaction of the MOI as well as the Parliament's security services. This was portrayed in the common statement of Federica Mogherini and Johannes Hahn: *"We condemn in the strongest terms today's ongoing attacks on the Members of the Parliament in Skopje. The acts of violence in the Parliament are wholly unacceptable and we call for calm and restraint. The Interior Ministry and the police must ensure the security of the Parliament and its members."*<sup>16</sup> The new government has committed to giving full support to all measures for *"restoring the democratic ambiance in this key institution"*.<sup>17</sup> Moreover, addressing the recommendations of the EC, the Government pledged to fulfil its role in providing the conditions for the full implementation of the agreed Recommendations following the unpleasant events of the 24<sup>th</sup> December 2012 and the violent events of the 27<sup>th</sup> April 2017.<sup>18</sup>

### EC country report findings

The EC in its last report also questioned the functioning of the **checks and balances** system in the Republic of Macedonia. The justice system was deemed as non-independent and selective and the assesment stated that the previous government did not demonstrate willingness to resolve this issue. The overseeing of the executive by the regulatory and supervisory bodies was also deemed to be limited, as according to the EC they are not free from political pressures. When it comes to the implementation of the OFA agreement in the domain of **governance**, one of the modified recommendations refers to the need to revise the agreement in a transparent and inclusive manner. However, despite the large polarization of the society, there are fewer recommendations in this area compared to previous years.

### Post-report developments

The new government has committed to adopting a Law on the Use of Languages as the last legislative element stemming from the Ohrid Framework Agreement. This law, which was one of the reasons behind the violent attacks on the Parliament on 27 April 2017, has been the subject of debate and highly disputed by the current opposition, who consider it to be unconstitutional. Additionally, the law has been used by its advocates to raise concerns amongst the citizens and

15 THE GUARDIAN (2017). *Macedonia: protesters storm parliament and attack MPs*. (The Guardian: Staff and agencies in Skopje). Available at: <https://www.theguardian.com/world/2017/apr/27/macedonia-protesters-storm-parliament-and-attack-mps>

16 EEAS (2017). *Statement by Federica Mogherini and Johannes Hahn on today's developments in Skopje*. (EEAS: Brussels). Available at: [https://eeas.europa.eu/headquarters/headquarters-homepage\\_en/25221/Statement%20by%20Federica%20Mogherini%20and%20Johannes%20Hahn%20on%20today's%20developments%20in%20Skopje](https://eeas.europa.eu/headquarters/headquarters-homepage_en/25221/Statement%20by%20Federica%20Mogherini%20and%20Johannes%20Hahn%20on%20today's%20developments%20in%20Skopje)

17 GOVERNMENT OF THE REPUBLIC OF MACEDONIA (2017). *Plan 3-6-9*. (Government of the Republic of Macedonia: Skopje). Available at: <http://vlada.mk/sites/default/files/programa/2017-2020/Plan%203-6-9%20ENG.pdf>

18 Ibid.

“alert them” of the loss of national identity.<sup>19</sup> The Parliament has already voted for the need to pass the draft law however, as stated by officials, certain highly disputed parts (banknotes, army and police uniforms ) have already been sent to the Venice Commission for its opinion.<sup>20</sup>

### EC country report findings

The important role for **civil society** in supporting democratic processes and ensuring the checks and balances system is widely acknowledged. The role for civil society is increasingly underlined with each new Report, with special emphasis on the initiative of a group of CSOs for Urgent Democratic Reforms.<sup>21</sup> Repeatedly the report mentions **the lack of political will on the part of the authorities for implementing the reforms and the urgent reform priorities**. In addition, the absence of political will is also seen as the reason for the significant reduction in EU financial assistance (EUR 27 million from IPA in 2016).

### Post-report developments

A year on from the assessment of the EC report, the new government has stated that the 3-6-9 plan is based on a contribution made by a group of civil society organizations entitled “Proposal for Urgent Democratic Reforms” (Blueprint),<sup>22</sup> as well as on the consultations that took place with civil society. However, as identified in the PRIEBE report, some NGOs expressed scepticism as to the genuine nature of this engagement and to some the process appeared unclear and rushed. Moreover, criticisms have been raised regarding the fact that the new government has employed and contracted a significant number of previous CSO activists. Most of these people are now working in the PR sectors of the government – a step that the EC itself has negatively assessed.<sup>23</sup>

19 MKD (2017). *За ВМРО-ДПМНЕ законот за јазици е спротивен на Уставот* Available at: <https://www.mkd.mk/makedonija/partii/za-vmro-dpme-zakonot-za-jazici-e-sprotiven-na-ustavot>

20 САКАМ ДА КАЖАМ (2017). *ЗА ЗАКОНОТ ЗА УПОТРЕБА НА ЈАЗИЦИТЕ ПРАТЕНИЦИТЕ ЌЕ РАСПРАВААТ НА 22 НОЕМВРИ, ДЕНОТ НА АЛБАНСКАТА АЗБУКА* (СДК: Скопје). Available at: <https://sdk.mk/index.php/makedonija/za-zakonot-za-upotreba-na-jazitsite-pratenitsite-ke-raspravaat-na-22-noemvri-denot-na-albanskata-azbuka/>

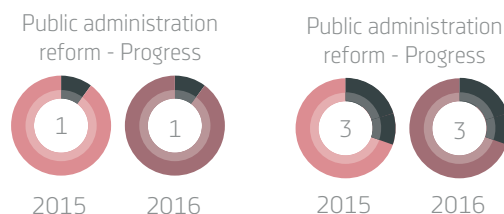
21 The Blueprint represents a joint effort of a group of civil society organizations (CSOs) academia and independent experts as a response to the political crisis, the backsliding of democratic standards, rule of law and the loss of the credibility of the institutions. The aim of the Blueprint is to provide an incentive, guidelines and detailed actions necessary for restoring the democratic standards and values, achieving progress in selected areas of public policy, as well as bringing back citizens' trust in the key public institutions. See: IKS (2016). *Blueprint for Urgent Democratic Reforms*. (IKS: Скопје). Available at: [http://iks.edu.mk/attachments/article/274/BP\\_ENG\\_FINAL\\_08.07.2016.pdf](http://iks.edu.mk/attachments/article/274/BP_ENG_FINAL_08.07.2016.pdf); and EUROPEAN POLICY INSTITUTE (2017). *Blueprint Developed by CSOs for Urgent Democratic Reforms*. (EPI: Скопје). Available at: <http://www.epi.org.mk/docs/BLUEPRINT%20DEVELOPED%20BY%20CSOs%20FOR%20URGENT%20DEMOCRATIC%20REFORMS.pdf>

22 Ibid.

23 NOVA TV (2017). *Заев: Не е точно дека 120 лица работат односи со јавност* (Nova TV: Скопје). Available at: <http://novatv.mk/zaev-najavi-namaluvane-na-brojot-na-vrbotenite-za-odnosi-so-javnost/>

### EC country report findings

Following the return to *fundamentals* approach of the EC, a significant portion of the Report has been dedicated to the topic of **public administration**, concluding that the politicisation of the administration and the use of the public sector as a political instrument both continue to be of concern.<sup>24</sup>

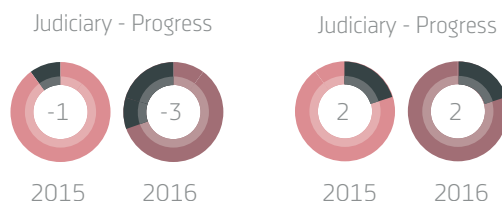


### Post-report developments

The new government has initiated the establishment of an accountable administration and a merit-based system primarily through revisiting the process of preparing the Strategy on PAR. The initial steps taken were met with criticism, as the new government used the text prepared by the old government, which led to the preparation of a new Strategy in a more inclusive and transparent way.<sup>25</sup> Moreover, Minister Manchevski has declared that the new government is dedicated to including civil society in their work: *“The new government is decisive and open to the involvement of the civil sector in policy-making. We open public discussions on all major topics and the civil sector is a key partner in this process.”*

### EC country report findings

For the implementation of the urgent reform priorities limited steps were undertaken, but this is the second year in a row that backsliding has been noted in the key area of the judiciary. With regards to the judiciary and the fight against corruption the EC emphasises that there have been ongoing reforms for a decade and that political influence has seriously undermined past results. In this way the EC recognises that the Republic of Macedonia was leading in terms of reforms in the region for a long time, but there are ongoing practices that are destroying those achievements.



<sup>24</sup> EUROPEAN POLICY INSTITUTE (2016). *Flying on the spot or a free fall: Commentary following the European Commission Report on the Republic of Macedonia*. (EPI: Skopje), p.3. Available at: [http://www.epi.org.mk/docs/Flying%20on%20the%20Spot%20or%20a%20Free%20Fall\\_EN.pdf](http://www.epi.org.mk/docs/Flying%20on%20the%20Spot%20or%20a%20Free%20Fall_EN.pdf)

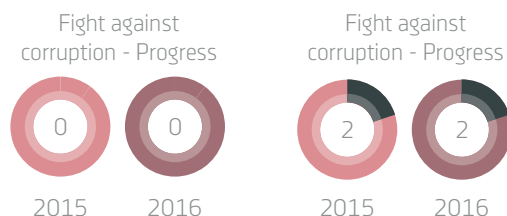
<sup>25</sup> EPI has raised concerns about the initial draft strategy and has delivered recommendations for strengthening the strategy. See: Институт за европска политика (2017). *ЕПИ Мислење СРЈА*. (EPI: Skopje). Available at: [http://epi.org.mk/docs/EPI\\_Mislenje\\_SRJA\\_2017.pdf](http://epi.org.mk/docs/EPI_Mislenje_SRJA_2017.pdf)

## Post-report developments

The Assessment and recommendations of the Senior Experts' Group on systemic Rule of Law issues 2017 (that was published after the announcement of the government's 3-6-9 plan) found that many of the practices seen in 2015 have continued and that the misuse of the judicial system 'has not diminished in any significant respect', meaning it is still captured.<sup>26</sup> The new government has published a draft strategy for reforming the judiciary,<sup>27</sup> about which the Minister of justice has stated: "Reforms in the judiciary sector are probably the most significant area for which Macedonia has repeatedly suffered criticism from the domestic and international public in the past period. This Government is firmly resolved and has a political consensus to decide on decisive reforms in this sector".<sup>28</sup> On his latest visit to Macedonia, on November 18 2017, Commissioner Hahn stressed that the adoption of the necessary laws in the areas of judiciary, public administration reform and intelligence, are considered crucial for receiving a positive recommendation from the EU and in turn the launching of negotiations in 2018.<sup>29</sup>

## EC country report findings

The capacity of the country's anti-corruption institutions in addressing high profile cases is, according to the EC, undermined by political influence. For the first time they are therefore demanding a review of the status and the composition of the SCPC, with an aim to improving its transparency and independence. When it comes to the **Special Public Prosecutor's Office (SPO)**, this is the only body that was assessed as proactive in investigating high profile cases, but was faced with a lack of cooperation on the part of the institutions. Consequently, the EC recommended that full support and resources be provided to the SPO.



## Post-report developments

In its 9-month plan, the new government "calls upon the State Commission for Prevention of Corruption to prepare a detailed analytical Report on all initiated procedures and investigations for corruption in the last 5 years based on the format of the EC". This may be seen as a positive step forward, but far more substantial efforts will be needed, as was stated in the Assessment and

<sup>26</sup> Ibid.

<sup>27</sup> EPI has submitted an opinion on the draft strategy on the judiciary. See: EUROPEAN POLICY INSTITUTE (2017). *Мислење на Институтот за европска политика за Нацрт-стратегијата за реформа на правосудниот сектор* (EPI: Skopje). Available at: [http://epi.org.mk/docs/EPI\\_StrategijaPravosudstvo\\_public.pdf](http://epi.org.mk/docs/EPI_StrategijaPravosudstvo_public.pdf)

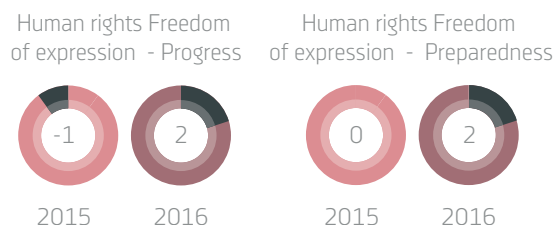
<sup>28</sup> 24 VESTI (2017). *Нацрт-стратегија за реформи во судството* (24 Vesti: Skopje). Available at: <http://24vesti.mk/nacr-strategija-za-reformi-vo-sudstvoto>

<sup>29</sup> MACEDONIAN INFORMATION AGENCY (2017). *Commissioner Hahn: National interests require support from all key players*. (MIA: Skopje). Available at: <http://www.mia.mk/en/Inside/RenderSingleNews/61/133978201>

recommendations of the Senior Experts' Group on systemic Rule of Law issues 2017: “*beyond the weaknesses in the work of the State Commission for the Prevention of Corruption, the anti-corruption system in general is marked by weak regulatory, institutional and capacity at all levels, which needs to be addressed*”.<sup>30</sup> One positive step forward that has been taken is the dismissal of the Public Prosecutor Marko Zvrlevski<sup>31</sup>, considering his fundamental failings to fulfil his constitutional role.<sup>32</sup> However, it should be noted that in a situation where the Special Public Prosecutor has not received additional time for submitting prosecutorial acts, the appointment of the new prosecutor is considered crucial for restoring accountability and the rule of law in the country – something that is yet to be seen. When it comes to the work of the SPO, the new government, in the draft strategy on the judiciary, has suggested continuing the work of this body in the framework of the Public Prosecutor Office.<sup>33</sup>

### EC country report findings

Even though the **human rights** legal framework has been assessed as solid for years now, systematic violations of the international human rights standards in penitentiary facilities are underlined as a continuing problem. This assessment is closely linked to the criticism of ill-treatment by the police that has been lingering for years, due to which the EC recommends the establishment of an independent oversight mechanism.



### Post-report developments

In these regards, the new government has said it is dedicated to the reform of the police and of the treatment of citizens by this institution, saying it will define “a model and legal framework for an external, independent oversight mechanism for the work of the police in cooperation with the Council of Europe and the Ombudsman”.<sup>34</sup> Moreover, the government stated its commitment to the revival of the Standing Inquiry Committee for Human Rights and the strengthening of respect for human rights in all areas.<sup>35</sup>

30 EUROPEAN COMMISSION (2017). *The former Yugoslav Republic of Macedonia: Assessment and recommendations of the Senior Experts' Group on systemic Rule of Law issues 2017*. (EC: Brussels). Available at: [https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/2017.09.14\\_seg\\_report\\_on\\_systemic\\_rol\\_issues\\_for\\_publication.pdf](https://ec.europa.eu/neighbourhood-enlargement/sites/near/files/2017.09.14_seg_report_on_systemic_rol_issues_for_publication.pdf)

31 DW (2017). *Zvrlevski razrešen od funkcijata* (DW: Skopje). Available at: <https://goo.gl/tbP2Cj>

32 EUROPEAN POLICY INSTITUTE (2017). *The Priebe report two years later: new government and new opportunities for resolving old problems*. (EPI: Skopje). Available at: [http://epi.org.mk/docs/1.%20The%20Priebe%20report%20two%20years%20later\\_ENG.pdf](http://epi.org.mk/docs/1.%20The%20Priebe%20report%20two%20years%20later_ENG.pdf)

33 DW (2017). *СЈО во ЈО, ново судско одделение, лустрацијата - аум*. (DW: Skopje). Available at: <https://goo.gl/ESHkdk>

34 GOVERNMENT OF THE REPUBLIC OF MACEDONIA (2017). *Plan 3-6-9*. (Government of the Republic of Macedonia: Skopje). Available at: <http://vlada.mk/sites/default/files/programa/2017-2020/Plan%203-6-9%20ENG.pdf>

35 Ibid.

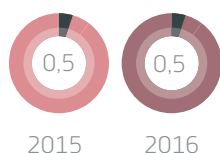
## Economic criteria:

### no progress but new regional cooperation in view

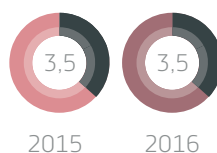
#### EC country report findings

In the last country report, the section on the economic criteria was thoroughly reviewed, both in the Western Balkans context and additionally in regard to the national economic reform programmes. With regards to the economic criteria, the EC also concludes that there has not been any progress. In comparison to the reports of a few years ago, Macedonia was closer then to gaining the status of a free market economy than it is now. While a positive assessment is still given regarding macroeconomic stability, the high unemployment rate continues to be an issue (regardless of a decrease in the percentage), as does the low level of competitiveness of the domestic private sector. Last year's criticism about discretionary policy enforcement has been repeated. There is even harsher criticism of the country's rising external debt – both public and private. Additionally, this year the Commission particularly emphasised the role of state-owned enterprises in increasing the public debt. The EC's criticism of the country's economic policies is explicit: it states that the policy mix does not fully address the economic challenges.

Economic criteria - Progress



Economic criteria - Preparedness



#### Post-report developments

Seeing as the new government has been in power for fewer than 6 months, it is still too early to assess any developments in this area. However, it should be noted that during the Summit in Trieste, Hahn announced concrete projects for the WB, in response to which Prime Minister Zaev stated that Macedonia was the 'biggest winner from the summit'.<sup>36</sup> Macedonia signed the Transport Community treaty, as one of the five partners of the WB, which aims to facilitate the connectivity of the region. Moreover, during the Summit the Western Balkan leaders' joint initiative to accelerate regional economic cooperation and the development of a Regional Economic Area was discussed, one which is based on CEFTA and EU rules, which would aim to gradually allow an increased flow of the 'four freedoms' between the WB countries.<sup>37</sup> In the 3-6-9 plan the government expressed its intention to start an inclusive dialogue about the Draft Program for Public Finance Management 2018-2021.

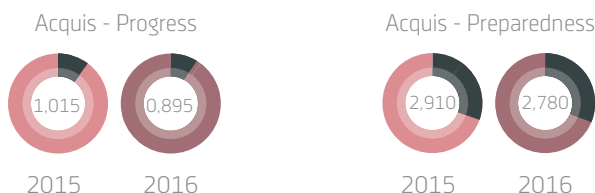
<sup>36</sup> DW (2017). *Zaev za samitot vo Trst: Makedonija e голем добитник*. (DW: Skopje). Available at: <https://goo.gl/aCS09e>

<sup>37</sup> EUROPEAN WESTERN BALKANS (2017). *Declaration of the Western Balkan Summit in Trieste*. (EWB: Belgrade). Available at: <https://europeanwesternbalkans.com/2017/07/13/declaration-western-balkan-summit-trieste/>

## Ability to assume membership obligations (acquis): decreased alignment with the EU acquis/increased commitment

The new EU approach was introduced in 2015 and incorporated into these reports. In 2016, the pilot areas also covered issues related to economic development, such as the free movement of goods, competition, transport and energy, areas under Chapter 24 (migrations, border control, asylum and fighting terrorism), and the environment.

There was no positive change in the status of any of the chapters. On the contrary, for one chapter the degree of alignment has lowered (environment – from “moderately prepared” to “some level of preparation”). This trend has been apparent since 2014, when the level of alignment was also lowered for the Chapter on public procurements, which was deemed this year to have seen no progress. This chapter is especially important for the rule of law. Hence, the analysis of the level of harmonisation of the legislation of the Republic of Macedonia with the *EU acquis*, according to the EC reports, shows a trend towards reduced alignment. This was the only aspect in which we used to be leaders in comparison to the other WB states, but we have now lost that “leading position”. In most of the chapters related to the harmonisation with the EU acquis the assessment is that the country is “moderately prepared”, but also that there has been only moderate or no progress since 2015. This year, the European Commission has once again not assessed the country as highly prepared in any of the chapters.



### Post-report developments

The new Government has committed to focusing on aligning with the acquis. In this regard, the Plan 3-6-9+ has included measures designed to align legislation that regulates the rights and obligations of foreigners with the acquis, as well as to put in place the right to asylum by preparing drafts of the Law on International and Temporary Protection and the Law on Foreigners.<sup>38</sup> In addition, in October 2017, the Ministry of Labor and Social Protection, in collaboration with the OSCE, initiated consultations on the new draft Law on Prevention and Protection against Discrimination, which aims for further alignment with the acquis.<sup>39</sup> The latest draft law has been described as better than the previous one, but it is still in need of improvement.

<sup>38</sup> GOVERNMENT OF THE REPUBLIC OF MACEDONIA (2017). *Plan 3-6-9+ Narrative Plan*. (Government of the Republic of Macedonia: Skopje). <http://vlada.mk/sites/default/files/dokumenti/Narrative%20Plan%206-9%20EN.pdf>

<sup>39</sup> AKADEMIK (2017). *Javna debata za noviот Закон за спречување и заштита од дискримinacija*. (Akademik: Skopje). Available at: <http://www.akademik.mk/javna-debata-za-noviot-zakon-za-sprechuvane-i-zashtita-od-diskriminatsija/>

## **IPA:** the support corresponds to the reforms

### EC country report findings

When the EC report was released, 117 million EUR had not been absorbed from IPA I (total EUR 640 million), and this figure has since risen to 119.7 million EUR. The Commission identifies the main problem as the government's inability or unwillingness to prepare substantial reforms in "key areas". That is why the EU reduced the IPA 2016 financial assistance by approximately EUR 27 million.

### Post-report developments

In these regards, the new government has committed to developing a new 'master plan' for the absorption of IPA funds, which will be divided into three stages. However, as the Deputy Prime Minister for European Affairs Bujar Osmani announced, the Republic of Macedonia will anyhow lose 150 million EUR in total or about 25 per cent of the funds that were previously made available and they will be returned to the EU.<sup>40</sup> He added that funds totaling around 30 million EUR were allocated to risky projects and these should be used by the end of December this year. In addition to IPA 1, the implementation of the IPA 2 program for the period 2014-2020 is in progress, for which EUR 644 million is available. According to Osmani, EUR 445 million, or 67 per cent, have already been programmed, EUR 172 million are in the process of being programmed, but over EUR 40 million have been lost in the programming phase due to a lack of quality projects.<sup>41</sup>

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40 TELMA (2017). *Македонија не искористи 119,7 милиони евра од ИПА*. (Telma: Skopje). Available at: <http://www.telma.com.mk/vesti/makedonija-ne-iskoristi-1197-milioni-evra-od-ipa>

41 SECRETARIAT FOR EUROPEAN AFFAIRS (2017). *ОСМАНИ: ПОДГОТВУВАМЕ МАСТЕР ПЛАН ЗА УНАПРЕДУВАЊЕ НА ИСКОРИСТЕНОСТА НА СРЕДСТВАТА ОД ИПА*. (SEP: Skopje). Available at: <http://www.sep.gov.mk/content/?ID=2123#Whg8YGQ-dDU>





# FINAL OBSERVATIONS

With all this in mind, we have a window of opportunity for a new start. However, the momentum needs to be used wisely, as “mistakes of the past should not be repeated and one form of state capture must not be replaced by another”.<sup>42</sup> Reforms should be properly planned in order to be truly sustainable. The European Union, both through the actions of its key Member States and institutions has been vocally supportive of the domestic efforts to return the country to the EU accession trajectory. Yet, the question remains whether there is sufficient will and interest in the EU to assist Macedonia in a strategic manner. This would require support in tackling democratic backsliding, in capitalising on its strengths such as its alignment with the EU *acquis* and standards, but above all in removing the roadblocks on the way to accession. Strategic partnerships such as the ones recently discussed with other candidates in the region might be one way forward in this direction. In these regards, Macedonia should actively advocate for its inclusion in the Roadmap of the European Union for integration of the Western Balkan countries by 2025 at the latest, as at the moment only Serbia and Montenegro are formally included in this document.<sup>43</sup> Only a clear signal to support the further normalization of the political environment can lead to internal consolidation of its own resources and the transformation of the *de jure* reforms into practice.

1. The Republic of Macedonia is the only country in the region that shows backsliding in reforms relating to all three criteria for EU accession.

2. The utterly critical report should represent an incentive to “revive” the recommendation for negotiations, despite the growing conditions for launching negotiations.

3. The Republic of Macedonia must use its second chance and it should use it to establish democratic institutions that will guarantee the rule of law. Macedonia should fully ensure the comprehensiveness of the reforms and their incorporation into the system, thus building its own file, which could encourage the opening and accelerating of the accession process. Changes should be initiated in the country through a debate on all issues with all key actors. It is the only way to promote the rule of law and to build its own vision of what kind of future EU member state it would like to be.

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42 EUROPEAN COMMISSION (2017). *The former Yugoslav Republic of Macedonia: Assessment and recommendations of the Senior Experts' Group on systemic Rule of Law issues 2017*. (EC: Brussels). Available at: [https://ec.europa.eu/neighborhood-enlargement/sites/near/files/2017.09.14\\_seg\\_report\\_on\\_systemic\\_rol\\_issues\\_for\\_publication.pdf](https://ec.europa.eu/neighborhood-enlargement/sites/near/files/2017.09.14_seg_report_on_systemic_rol_issues_for_publication.pdf)

43 EUROPEAN COMMISSION (2017). *Roadmap for a more united, stronger and more democratic union: Informal Dinner of Heads of State or Government ahead of the Tallinn Summit*. (EC: Brussels). Available at: [https://ec.europa.eu/commission/sites/beta-political/files/roadmap-factsheet-tallinn\\_en.pdf](https://ec.europa.eu/commission/sites/beta-political/files/roadmap-factsheet-tallinn_en.pdf)