PARIS PAPER
ENLARGEMENT AND IMPACT

TWELVE IDEAS FOR 2015
DUMMY REPORT

Reformers and their scarcest resource: time

Background Paper for brainstorming at Swiss Embassy (Paris) on 28 January 2015

The ESI Enlargement Project is supported by Erste Stiftung
Busy people read and read and read. And forget and forget and forget.
WRITING FOR IMPACT

For reformers anywhere time is the scarcest resource. Leaders everywhere today face the risk of drowning in information, being swamped by articles, conversations, emails and occasionally reports and books. Active people live on top of ever-growing mountains of words. And “a wealth of information creates a poverty of attention.”

For a report to have an impact it needs to be read. For a report to have an impact on reforms in accession countries it has to be written with a busy and impatient person in mind. Reformers are busy people. If they find time to read quickly, they are also likely to forget quickly. They read and read and read; and forget and forget and forget, like other executives in this age of information surplus.

How to capture attention, and influence first the thinking and then the actions of potential reformers? Many people, issues, crises fight for attention. To be noticed any report has to be well written and clearly signposted, draw readers in and keep them hooked. In the world of marketing people speak about A.I.D.A: A for attention; I for interest; D for desire; and then A for action. In the world of policy papers it is better to speak of A.I.M and Action:

- Attention
- Interest
- Motivation
- Action

For the new generation of European Commission progress reports to make a real impact they must be written in a way so as to capture attention and interest; to be understood and remembered; and to then motivate busy people to change the way they think and act. This is hard. Good writing is hard. The key to good writing is clarity. Most sentences that are made have to be killed and the rest has to be fixed. Clutter in the writing has to be cut and pruned. As William Zinsser put it:

“If you give me an eight-page article and I tell you to cut it to four pages, you’ll howl and say it can’t be done. Then you’ll go home and do it, and it will be much better. After that comes the hard part: cutting it to three.”

Clarity also means that all technical terms should be explained in the text; jargon should be avoided; any table should be easy to read. And any element that does not do useful work should be eliminated.

Writing well means, above all else, writing with the potential readers in mind. In order to think through the potential impact of any report let us construct a model, similar to the way economists try to understand causalities. Let us therefore imagine an accession country with only five inhabitants, as follows:

- A “Big boss” – a prime minister, president …
- A “Little boss” – a regional leader
- “Appleby” – a senior and influential civil servant
- “Businesswoman” – a producer and potential exporter
- Citizen – an average voter
How might a progress report change their behaviour?

Appelby certainly has to read, understand and be inspired by it, otherwise very little will happen. A clear and convincing assessment of what needs to be done might help him convince his political masters. A process of quality feedback – coaching – by external experts might help him learn new things.

Both Big Boss and Little Boss are likely to be very busy – besides governing they manage their parties, meet guests, win elections, engage in the daily business of politics. And yet, if they are to push for any reforms which fall under their competence as a result of a report they must have an incentive to read as much of it as possible.

Ideally they should see the report as useful; its assessments as fair, its conclusions linked to steps that are within their competence as leaders to push for; perhaps as something that can be turned into a management tool, a to-do-list of essential things, that helps them manage their own bureaucracy.

Businesswoman and Citizen are unlikely to read any report directly. However, an average citizen should be informed indirectly about the gist of the report: is the country doing well; are things getting better, using fair standards, as a result of the actions of elected leaders? Businesswoman is likely to learn about the report from the media or via other interest groups, especially concerning issues that affect her business directly – regulation. At least these sections should make sense.

We can expand this model: add a journalist (who writes for the most read daily paper), an opposition leader (who itches to publicly challenge big boss) and minister of X (who might conclude that doing well in areas under her responsibility is a good way to gain a political profile). But any impact in the end depends on the report actually being read; understood; its core messages remembered; its analysis found to be fair. Only then will it change how Big Boss, Little Boss, Appelby act and Businesswoman and Citizen think. And without this it might as well not be written.
12 IDEAS FOR 2015

One: Start with speed

An annual progress report should be about progress, reforms, what has been achieved and what needs to be done. It needs to start in an interesting way and not turn readers away at the very beginning. The introduction should be short and sharp, setting out in simple words what this report is all about.

The beginning of any text must create a willingness in a busy reader to see what has been discovered. Some beginnings resemble a speaker slowly waking up, stretching and then clearing his throat. Progress Reports should begin with speed. There is no good reason for them to have – as now – an “Introduction” consisting of a “preface”, followed by “context”, followed by a section on a country’s “relations with the EU”.

There is no good reason to start a report with a tedious list of meetings or with a paragraph on how much money a country receives. This information is easily available elsewhere. It is the opposite of gripping. As for key dates in the relationship the best is to focus on those few dates any reader must be aware of. And to present them in a memorable manner:

<table>
<thead>
<tr>
<th>Key dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2004</td>
</tr>
<tr>
<td>Stabilisation and Association Agreement between the former Yugoslav Republic of Macedonia and the EU enters into force</td>
</tr>
<tr>
<td>December 2005</td>
</tr>
<tr>
<td>European Council grants the status of candidate country to the former Yugoslav Republic of Macedonia</td>
</tr>
<tr>
<td>December 2009</td>
</tr>
<tr>
<td>Visa liberalisation for citizens of the former Yugoslav Republic of Macedonia travelling to the Schengen area enters into force</td>
</tr>
</tbody>
</table>

Two: Signpost clearly

A busy reader will want to know where information on a given topic can best be found. It makes little sense to have one section on corruption in one part of the report, and another on corruption – saying the same thing in different words – in another. Any issue important enough to be mentioned twice deserves its own section. It makes no sense to write about procurement in three sections of the report.

One way to avoid this is to signpost clearer where one finds what.

Only issues of importance should be highlighted. If nothing really important happened on the constitution in a given year, a busy reader should not be bothered. In the battle for attention and memory, less is more. If “interethnic relations” are dealt with under political criteria, do not repeat it again in chapter 23 (or vice versa). Say what is to be said about them once, in one place, and say it well and clearly.

One way to signpost key issues in any year is to have a few special, variable headings that make it into the Table of Contents, in addition to the familiar Chapter headings that signal continuity. For instance, in the case of Macedonia 2014 one could have put:
Political criteria
1.1 Polarisation
1.2 Inter-ethnic relations
1.3 Freedom of Expression

Since most of the content in that year is about these issues. Also, at the outset of the section on the ability to meet criteria and administrative capacity one might put:

3.1 When states buy things – procurement
3.2 When states spend money – financial control
3.3 When rules are broken – measuring corruption
3.4 Civil society and accountability

Three: The Monkey mind

Busy readers have a monkey mind: they look at different parts of any text, like a monkey jumping from branch to branch.

In that case it makes sense to introduce each section clearly. In the case of chapters and policies it would be good to always have one short paragraph explaining to a reader what a given chapter is all about and why it matters. Like this:

Chapter 8: Competition policy

The competition acquis covers both anti-trust and state aid control policies. It includes rules and procedures to fight anti-competitive behaviour by companies (restrictive agreements between undertakings and abuse of dominant position), to scrutinise mergers between undertakings, and to prevent governments from granting state aid which distorts competition in the internal market.

This would be a better start of a chapter than the following (from 2014 reports):

Competition policy

In the area of anti-trust and mergers, the Commission for the Protection of Competition took two decisions on anti-competitive agreements, four on abuses of dominant position and 18 on market concentrations. A further nine procedures are ongoing. The Administrative Court overruled seven decisions made by the Commission for the Protection of Competition for procedural reasons, six of which were subsequently confirmed by the Higher Administrative Court. The Criminal Code was brought into line with the Law on Protection of Competition, allowing leniency measures to be applied. Guidelines on vertical restraints and on horizontal agreements were adopted, ensuring further alignment of the competition acquis. A market analysis of the banking sector was carried out in 2013. The Commission for the Protection of Competition, in cooperation with the Academy for Judges and Prosecutors, delivered training in specialist areas to judges and court staff of both the Administrative and the Higher Administrative Courts. Since 2012, the Commission for the Protection of Competition has not issued any rulings on cartels. Its operational budget remains limited and it continues to make insufficient use of administrative capacity in the area of anti-trust and mergers.
Four: Make fundamentals visible

It is important to link the Copenhagen criteria (political criteria, economic criteria and the ability to implement the acquis) with the three fundamental pillars (rule of law, economic governance, administrative reform), and the chapters of the acquis itself.

This is not difficult. Take the section on the chapters of the acquis. It could be introduced as follows:

“This section looks at two fundamental pillars which are central to meeting the conditions for accession (together with good economic governance): the rule of law and an effective and competent public administration.

These two pillars are closely related: in a democracy it is the very definition of a good administration that it performs its tasks in accordance with laws. On the other hand, the rule of law does not exist without a credible and honest administration – from the judicial system to regulators, from state audit bodies to inspectors.

Respect for the rule of law and administrative competence are crucial for every single policy (chapter) in the EU accession process, as is the ability of public institutions to identify, fight and punish corruption.

This year’s report examines two policy areas in particular detail: public procurement (5) and financial control (32). In both areas parts of the state administration are put to a crucial test. Both areas are central to the fight against corruption. Two roadmaps of fundamental conditions have been drawn up which spell out the criteria used for evaluating the state of procurement and financial control in light of standards required for accession.

Expert assessments were carried out in all seven accession countries with a strict and fair methodology. Their concrete findings allow reformers to assess clearly where their countries stand when it comes to European standards and to compare their situation with that of other accession countries.”

Five: where less is more

For everything that is written – every paragraph, sentence, fact, table or word – one should ask: “What would happen if this were not written at all?” If the answer is “Nothing would happen” then it is better not to write it at all.

Progress Reports are not encyclopaedias. Less is usually more. Choices on what to include and what to leave out should be made consciously. Sometimes it makes sense to make these choices at the end.

For instance, each first draft on the political criteria sections might describe a set of preselected issues. But the final report might focus only on the two or three most crucial issues in the given year and country.

Given that busy readers have limited attention, and superficial information is most easily forgotten – if it is paid attention to at all – it is usually better to focus on a few issues seriously than on many more issues in passing. Things to cut:
• Paragraphs so dense that they are incomprehensible to an average intelligent reader:

“… consumption and imports coupled with a solid export performance, but started to widen again in the first half of 2014. The current account deficit nearly halved to 5.5% of GDP in 2013 from well above 9% of GDP in the previous two years, mainly linked to a strong improvement of the trade deficit to 30.5% of GDP from 33.6% of GDP in 2012. At the same time, the contribution of current transfers, although slightly declining from last year, amounted to some 10% of GDP. The trend for a narrowing trade deficit reversed in the first seven months of 2014 when merchandise exports expanded at a slower pace (1% in annual terms), while imports of goods picked up by some 6%. The current account deficit increased to 6.1% of GDP in the four quarters to March 2014. Net foreign direct investment (FDI) inflows, which accounted for only one-third of the current account deficit financing, continued their declining trend and amounted to a meagre 1.9% of GDP in 2013 even narrowing further in the first quarter of 2014.”

• Paragraphs that list a lot of numbers without explaining what they mean – is a given number good, bad, normal, special?

“In the area of industrial property rights, the International Convention for the Protection of New Varieties of Plants (the UPOV Convention) and the European Patent Convention have yet to be ratified. The Institute for Intellectual Property received 36 (national) and 160 (extension) patent applications and processed 212, including some from previous years. Regarding trademarks, the Institute received 472 applications and processed 547, including some from previous years. The Institute received 14 industrial design applications and issued 21 decisions granting industrial designs. Four applications for protection of geographical indications were received. The Board of Appeal of the Institute received seven new applications and completed nine appeal proceedings.”

“In the area of anti-trust and mergers, the Commission for the Protection of Competition took two decisions on anti-competitive agreements, four on abuses of dominant position and 18 on market concentrations. A further nine procedures are ongoing.”

“The total number of cases further decreased from 585 in 2012 to 553 in 2013; resolution rate remains stable at 95%. Contracting authorities placed about 40 economic operators on the negative reference list in 2013, of which 11 submitted an appeal.”

Is this progress? Is this a lot, or little? How does this compare to anything? Why should this be in a progress report?

• Sentences so bland as to contain no information.

It makes sense for Progress Reports only to write about what exists, has been done, or is missing. And not about what is planned, foreseen, but has not happened yet. Doing so consistently helps keep the text fresh and clear.

Six: Tables and enigma

Tables should not have too much information in them, and should not require the cracking of an enigma code to be understood. They must have a clear point that is obvious at one glance.

Take, for example, this regional comparison:
**Table: Annual exports of goods per capita (EUR)**

<table>
<thead>
<tr>
<th>Country</th>
<th>2011(^1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Croatia</td>
<td>2,234</td>
</tr>
<tr>
<td>Macedonia, FYR</td>
<td>1,554</td>
</tr>
<tr>
<td>Turkey</td>
<td>1,315</td>
</tr>
<tr>
<td>Serbia</td>
<td>1,111</td>
</tr>
<tr>
<td>Bosnia</td>
<td>1,094</td>
</tr>
<tr>
<td>Montenegro</td>
<td>732</td>
</tr>
<tr>
<td>Albania</td>
<td>494</td>
</tr>
<tr>
<td>Kosovo</td>
<td>178</td>
</tr>
</tbody>
</table>

Or this as a way of organising information that is much too heavy when presented in prose:

**Table: April 2014 Parliamentary elections**

<table>
<thead>
<tr>
<th>Party</th>
<th>Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>VMRO-DPMNE (Internal Macedonian Revolutionary Organisation – Democratic Party for Macedonian National Unity)</td>
<td>61</td>
</tr>
<tr>
<td>SDSM (Social Democratic Union of Macedonia.) –led coalition</td>
<td>34</td>
</tr>
<tr>
<td>DUI (Democratic Union for Integration)</td>
<td>19</td>
</tr>
<tr>
<td>DPA (Democratic Party of Albanians)</td>
<td>7</td>
</tr>
<tr>
<td>GROM (Citizen’s Option for Macedonia)</td>
<td>1</td>
</tr>
<tr>
<td>NDR (National Democratic Revival)</td>
<td>1</td>
</tr>
</tbody>
</table>

**Total number of seats**: 123

What should be avoided are complex tables that explain very little. Like this one:

**Figure 2: External position**

---


www.esiweb.org
What does this show?

Net FDI has changed little between 2010 and 2013 while the current account deficit has increase and then decreased again. Only: what is the point of this table in a discussion whether Bosnia is a functioning market economy? How does it compare to other countries? Why bother a busy reader with what looks like a meaningless table?

**Seven: Gripping economics**

The challenge is to explain clearly what the economic section is all about.

What are the economic criteria for accession? How do the economies of accession countries compare to EU member states and how have they developed in recent years? What are the biggest impediments to change?

This is how the Economic Criteria section of a Progress Report could start, explaining in clear and common sense language what a functioning market economy is:

A functioning market economy is an economy that can cope with competition in the EU upon accession. In the case of a country that lags behind the EU average of GDP per capita and other fundamental indicators the evidence for a functioning market economy is a track record of catching up and converging towards the EU average already in the years leading to accession.

Economic governance is a fundamental challenge facing the former Yugoslav Republic of Macedonia. Objective evidence for good economic governance are a track record of rising GDP per capita, rising employment rates, rising exports, an increase in foreign direct investment and a narrowing of regional discrepancies, among other fundamental indicators.

The impact of good economic governance can be objectively measured. For this, however, credible statistics are crucial. The European Union and its functioning depend on trust in the statistical infrastructure in every member state. This makes meeting European standards and producing statistic that policy makers and citizens can trust fundamental for any accession country.

For a full draft how the section on economic criteria could look like see ESI’s “Dummy Report” (in the ANNEX).

The economic section should be built around issues the five readers in our model (see section: Writing for Impact) might understand and care about; issues that should be at the centre of public and attention at least once a year; issues that can be assessed clearly and fairly, such as GDP growth or employment rates; and that can be presented in a way that makes sense to an intelligent 14 year old.
Eight: Competition and coaching (pilot chapters)

Consider the following strict, fair and transparent approach to defining and assessing progress:

- A clear list of criteria
- Strict: what is expected of future EU members
- Fair: the same criteria for every country
- Assessment based on annual expert visits
- Findings communicated clearly to the public
- Assessment of reforms in all countries in similar areas

To imagine such a process is not to daydream. This is what the Commission has done in the context of visa liberalisation.

ALL countries in the Balkans were given precise visa roadmaps with dozens of benchmarks. These roadmaps set out clearly what the Commission expected. They listed all individual criteria. And since these roadmaps, based on the acquis, were essentially the same for all countries, it was possible to easily compare progress.

The Commission also carried out serious monitoring and assessments. This involved experts from the Commission and from member states on field missions.

Based on these findings detailed progress assessments were issued. This inspired many reforms. It made it possible to see where reforms happened, and where they did not. In the end it also convinced even sceptical EU interior ministers that whenever the Commission did find progress they could trust its judgement.

In October 2014 the Commission published a detailed document on progress made in the field of visa liberalisation by Turkey. It offers a clear, readable, strict and fair description of where Turkey stands. Each benchmark is assessed, using the following categories:

- “Requirement fulfilled”
- “Almost fulfilled”
- “Fulfilled partially, but with good prospects”
- “Only partially fulfilled”
- “Requirement not fulfilled”

DG Near could develop pilot roadmaps, and then assess progress in the following fields similar to the way the Commission has done with visa roadmaps for all accession countries in the 2015 Progress Reports: Statistics (fundamental for economic governance), Procurement (central to progress in the rule of law and the fight against corruption), and Financial Control (vital to fight against corruption).

Giving chapter roadmaps to all seven countries and assessing them by reference to these benchmarks in 2015 would mark a very important improvement in the current process of writing progress reports.

---


www.esiweb.org
Nine: What does not change (much)

Even if all of these ideas are accepted, 75 per cent of what would need to be done to write the 2015 reports would not change.

So what to do about chapters not directly affected by the 12 ideas above?

The conservative option: Leave them as they are now and keep the main focus on improving the new sections. This is low risk and the easiest option.

A more ambitious option: Create short and simple guidelines for EC staff to ask similar key questions in all countries for all chapters. Less is more. In this way they can highlight significant change, but can refrain from saying how far countries are in all these fields from EU standards (which, without expert assessment, is difficult). This is more ambitious than the first option, but still far less ambitious than what we propose here for chapters 5, 18 and 32.

The perhaps best option: like two, but leave these chapters descriptive, deliberately not assessing them with numbers, clear marks or language of progress or alignments. Highlight clearly (and separately) the most important positive steps and the most urgent and most important gaps.

Three more ideas in a nutshell

1. **Roadmaps of essentials** for three chapters (5, 18, 32):

   Intensive work based on the experience of the visa roadmaps:
   - Spell out clear conditions;
   - Ask for self-assessment;
   - Establish expert teams which conduct intensive field visits and write expert reports;
   - Include a good summary and a comparable scorecard, based on these assessments, in the Progress Reports.

   This would be a pilot approach. If it works, it can be extended to more chapters the following years.

2. **Expert assessments of key institutions (public administration reform focus):**

   Organise expert assessments of key institutions each year – in all countries, so they can be compared, too. Proposal for this year: 4 institutions under chapter 1, one under chapter 8.

   Make judiciary central to chapter 23 (it is in the title) and build that around a **Justice Scorecard for Accession** based on work of the Council of Europe (CEPEJ) and what DG Justice does internally. Chose a few key indicators to compare and explain why they are important. Again, initially, less is more.

3. **Focused assessments on media freedom:**

   Concerns about media freedom have been on the rise in a number of the accession countries recently.
The Commission establishes an expert group to monitor public broadcasters, inspired by ODIHR and its methodology, and to investigate every case of journalists attacked/in jail.

The aim is to see if there is a systemic problem and make recommendations backed by comparative analysis which cannot easily be dismissed.
ANNEX – ESI DUMMY REPORT

Based on 2014 Macedonia Report³

PILOT INTRODUCTION

Any country that wants to join the European Union has to meet clear criteria for accession, defined in 1993 by the European Council in Copenhagen:

- Political criteria: stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities;
- Economic criteria: a functioning market economy and the capacity to cope with competition and market forces in the EU;
- Administrative criteria: the ability to take on and implement effectively the obligations of membership.

This report looks at where the former Yugoslav Republic of Macedonia stands in 2014 in relation to these and other conditions for membership, such as good neighbourly relations. It focuses in particular on the relationship between these accession criteria and three fundamental pillars: the rule of law, good economic governance and an effective and competent administration.

Three topics are analysed in particular detail this year, on the basis of three roadmaps of essential conditions: procurement (chapter 5), statistics (chapter 18) and financial control (chapter 32). There are also assessments based on roadmaps of essential administrative capacity for the free movement of goods (chapter 1) and competition policy (chapter 8).

The target audience of this annual report are busy reformers, and sceptical observers, prime ministers, ministers, civil servants; but also journalists, civil society activists and concerned citizens, in the EU and in accession countries. It aims to inspire, to help focus attention and to inform.

Key dates

- April 2004: Stabilisation and Association Agreement between the former Yugoslav Republic of Macedonia and the EU enters into force
- December 2005: European Council grants the status of candidate country to the former Yugoslav Republic of Macedonia
- December 2009: Visa liberalisation for citizens of the former Yugoslav Republic of Macedonia travelling to the Schengen area enters into force

PILOT POLITICAL CRITERIA⁴

“Countries wishing to join need to have stable institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.”

Copenhagen criteria

Free and fair presidential and parliamentary elections took place in the former Yugoslav Republic of Macedonia in April 2014. However, the functioning of parliament continued to

⁴ All the text here is taken from the original 2014 Progress Report, only shortened and moved. Nothing has been added except a few sentences on page 6 in italics.
be hindered by on-going deep divisions between the political parties. The absence of most opposition MPs from parliament since these elections hampered its work on adopting new reforms and its ability to provide the necessary checks and balances on the activities of government.

The Ohrid Framework Agreement brought to an end a violent inter-ethnic conflict in 2001 and continues to provide an essential framework for preserving the multi-ethnic character of the society. The Macedonian government needs to function better as a unit in order to take proactive joint measures to increase trust between communities.

The situation as regards freedom of expression continues to be highly problematic. This is in spite of the introduction of comprehensive new media legislation at the end of 2013, following extensive public consultations and advice from international organisations.

**Polarisation**

Presidential elections took place in April. President Ivanov, from the ruling party VMRO-DPMNE, was re-elected for a second five-year term. He won the second round with 55% of the vote against 41% for the candidate from the main opposition party, SDSM.

Two ethnic Albanian parties, one in government (DUI) and one in opposition (NDR), contested his legitimacy. DUI had proposed to have a “consensual” presidential candidate, acceptable to all communities and, when this was not accepted, exerted what the OSCE’s Office for Democratic Institutions and Human Rights (OSCE/ODIHR) considers undue pressure on its voters not to vote. These two parties and SDSM were absent from the President’s inauguration.

<table>
<thead>
<tr>
<th>Party</th>
<th>Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td>VMRO-DPMNE (Internal Macedonian Revolutionary Organisation – Democratic Party for Macedonian National Unity)</td>
<td>61</td>
</tr>
<tr>
<td>SDSM (Social Democratic Union of Macedonia) –led coalition</td>
<td>34</td>
</tr>
<tr>
<td>DUI (Democratic Union for Integration)</td>
<td>19</td>
</tr>
<tr>
<td>DPA (Democratic Party of Albanians)</td>
<td>7</td>
</tr>
<tr>
<td>GROM (Citizen’s Option for Macedonia)</td>
<td>1</td>
</tr>
<tr>
<td>NDR (National Democratic Revival)</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total number of seats</strong></td>
<td><strong>123</strong></td>
</tr>
</tbody>
</table>

Parliamentary elections were held alongside the second round of presidential polls on 27 April, 14 months before the end of the government term. As polls closed, the main opposition party SDSM announced that it would not recognise the results of the presidential or parliamentary elections, alleging a series of irregularities, including vote buying, intimidation, phantom voters, and bias on the part of the national broadcaster.

OSCE/ODIHR observed that both elections were efficiently administered. Candidates had been able to campaign without obstruction. Freedom of assembly and association were respected. The State Election Commission met almost all of its obligations and held regular sessions, but continued to be divided along party lines on contentious issues. Concerns were raised about the management and accuracy of the voters’ list.
OSCE/ODIHR noted that the governing parties did not provide for a level playing field due to a lack of adequate separation between the party and state. Allegations of voter intimidation persisted throughout the campaign. OSCE/ODIHR media monitoring showed that the majority of monitored media, including the public broadcaster, was biased in favour of the ruling party, and that the media often failed to distinguish between the coverage of officials in their capacity as ministers and as candidates.

The VMRO-DPMNE led coalition won 61 seats (out of a total of 123), DUI 19 seats, the SDSM-led coalition 34 seats, DPA 7 seats, minor parties GROM and NDR 1 seat each.

A new parliament was formed and took office on 10 May 2014, although without MPs from the SDSM opposition bloc. Out of the 34 MPs from the SDSM-led coalition, 3 have accepted their mandates. The remaining mandates have not yet been procedurally rejected. At the end of August, after an altercation between DPA and DUI MPs, DPA temporarily withdrew from parliament.

It is the responsibility of both government and opposition to ensure that political debate takes place primarily in parliament and to contribute to creating the conditions for its proper functioning. Actions should be taken to address OSCE/ODIHR concerns about the blurring of state and governing parties. The recommendations made by the Committee of Inquiry into clashes in the parliament in 2012 should be implemented.

Inter-ethnic relations

The main priorities of the Ohrid Framework Agreement continued to provide a basis for inter-community relations. The new government formed in June 2014 is again a multi-ethnic coalition with VMRO-DPMNE and DUI as the main partners. More effort is needed, under the Ohrid Framework Agreement, to proactively promote positive inter-community relations.

The Law on Use of Languages and the Law on Use of Flags of the Communities have still not been properly implemented. Local committees for relations between the communities are suffering from a lack of resources. A review of the implementation of the Ohrid Framework Agreement is still incomplete and the resulting recommendations have not yet been published.

The budget of the Secretariat for the implementation of the Ohrid Framework Agreement has been increased, mostly to take account of the salaries of around 1700 civil servants who are yet to be assigned to the state administrative bodies. The Secretariat and the Secretary General continued recruiting civil servants from non-majority communities, but without specifying defined posts or job descriptions, often at the expense of the principle of merit. In 2013, the overall proportion of civil servants coming from non-majority communities increased slightly to reach 19%. Measures to address the underrepresentation of smaller minorities, such as the Roma, Turks and others, remain inadequate. Increased political support and state funding are necessary for efficient implementation of the Strategy on Integrated Education.

Decentralisation of government is a central part of the Ohrid Framework Agreement. One municipality has still not completed the second phase of fiscal decentralisation. Some municipalities, such as Centar, were subject to a disproportionate number of inspections by state inspectorates. There has been insufficient follow-up by the authorities to the attacks and vandalism on the buildings of the municipality of Centar. Extra efforts are required to ensure the transparent distribution of capital grants to the municipalities and to ensure that they have the necessary financial sustainability to carry out the responsibilities transferred to them. The relevant laws on regional development have not yet been fully implemented. The regional development budget remains insufficient.

Major protests by the ethnic Albanian community started in July after the court verdict on the so-called ‘Monster’ case relating to murders carried out in 2012. The murder of a teenager in
the Skopje municipality of Gjorče Petrov in May, while not ethnically motivated, triggered protests and increased inter-ethnic tension, again exposing the lack of trust between communities. The coalition partners made joint efforts to calm the protests but some political leaders from both communities continued to use ethno-centric and divisive language, particularly during election campaigns.

The Macedonian government needs to function better as a unit in order to take proactive joint measures to increase trust between communities. It needs to work in a more integrated, coordinated and transparent manner, in order to take proactive measures on national, inter-community and EU-related issues.

**Freedom of expression**

A new Law on Media entered into force in December 2013, regulating basic obligations, protections and freedoms relating to the media. The situation as regards freedom of expression continues to be highly problematic.

There were no reported incidents of violence against journalists in the reporting period. The media currently plays a negligible role in investigating and exposing corruption and organised crime. Investigative reporting is still weak. Labour rights are still inadequately enforced in relation to media outlets, also contributing to the continuing problem of self-censorship.

The public broadcaster does not fully play its role as the provider of balanced and informative media content, and its political bias was noted by OSCE/ODIHR during both this year’s and last year’s elections. This results in a scarcity of truly independent reporting and a lack of accurate and objective information being made available to the public by the mainstream media. To assess public broadcasting the Commission asked an Expert Group on Impartiality in Public Broadcasting, supported by the OSCE/ODIHR and with input from the OSCE High Commissioner for Freedom of the Media, to examine – building on the methodology developed earlier by OSCE/ODIHR – the impartiality coverage of news and political events on public broadcasters in all seven EU accession countries during a randomly selected period of two weeks. This expert group found …

**INSERT: comparative assessment on the impartiality of public broadcasting (FYRoM)**

For this report an expert group appointed by the OSCE Media Commissioner also looked at every case of journalists that have been either imprisoned or physically attacked in all seven accession countries. The expert group looked at one case in Macedonia. It found … MORE

The widespread use of defamation actions continues to impinge on the freedom of expression. Since the decriminalisation of defamation in late 2012, around 580 civil defamation claims have been raised in the courts, including against journalists and by politicians against other politicians, sending a negative message to the public and media alike. Many court actions are initiated and then subsequently dropped, raising concern about defamation actions being used as a means of exerting pressure. This sends a damaging message, both as regards the freedom of expression and the impartiality of the courts. Non-judicial means for resolving such cases should be developed and strongly promoted by the government and by journalists. Public figures should lead by example. Both the Law on Civil Damages for Insult and Defamation and the new Law on Media contain negligible provisions for non-judicial remedies such as the right of reply or correction.

There is indirect state control of media output through government advertising and government-favoured (and favourable) media outlets. In September 2014, the government made data on government advertising, including partial figures, publicly available; however it is still unclear which media outlets are the primary beneficiaries of such campaigns and
according to what criteria public funds are disbursed. The transparency provisions in the Law on Audio and Audiovisual Media Services should be respected in full and greater care needs to be taken to ensure that public funds are used to provide information of genuine public interest, rather than to promote government activities.

A self-regulatory body was established in December 2013 by media actors themselves, in the form of the Media Ethics Council, run by a seven-member board with broad representation of the media, media associations and the public, but it has yet to become operational and start considering complaints from the public.

**PILOT ECONOMIC CRITERIA**

“Countries wishing to join need to have a functioning market economy and the capacity to cope with competition and market forces in the EU.”

Copenhagen Criteria

A functioning market economy is an economy that can cope with competition in the EU upon accession. In the case of a country that lags behind the EU average of GDP per capita and other fundamental indicators the evidence for a functioning market economy is a track record of catching up and converging towards the EU average already in the years leading to accession.

Economic governance is a fundamental challenge facing the former Yugoslav Republic of Macedonia. Objective evidence for good economic governance are a track record of rising GDP per capita, rising employment rates, rising exports, an increase foreign direct investment and a narrowing regional discrepancies, among other fundamental indicators.

The impact of good economic governance can be objectively measured. For this, however, credible statistics are crucial. The European Union and its functioning depend on trust in the statistical infrastructure in every member state. This makes meeting European standards and producing statistic that policy makers and citizens can trust fundamental for any accession country.

**Trust in numbers**

EU membership requires the existence of a statistical infrastructure based on principles such as impartiality, reliability, transparency, and confidentiality of individual data. Credible national statistical institutes act as reference and anchor points for the methodology, production and dissemination of statistical information.

The acquis also covers methodology, classifications and procedures for data collection in various areas such as macro-economic and price statistics, demographic and social statistics, regional statistics, and statistics on business, transport, external trade, agriculture, environment, and science and technology.

The objectives for all accession countries aligning with the acquis in statistics are already presented in the “Strategy for Statistical Cooperation with candidate and potential candidate countries 2010-2013.” The strategy established clear goals, including “reaching and maintaining compliance with the acquis in statistics, integrating the national statistical
institutes (NSIs) into the European Statistical System, strengthening the management capacity of the NSIs, and making statistics a better tool for policy makers.\(^5\)

In order to assess the quality of statistics in all seven accession countries the European Commission has produced a *Chapter 18 roadmap of essential conditions*. This roadmap sets out the main criteria for assessment in this report, based on the quality required by future EU membership. It divides these criteria in three blocks: Block I on statistical infrastructure; Block II on classifications and registers; and Block III on sectoral statistics.

A number of expert missions took place in the past year. These expert missions established the following: *summary of roadmap assessments.*

*For more details on the state of statistics see the “Statistics core acquis scorecard” in Annex I of this report.*

**Good economic governance: the evidence**

*Basic demography*

Economic statistics rely on credible demographic data, as key statistics are given on a per capita basis. Good population data is also vital for good policy making, from planning for education to infrastructure and waste management.

For the following calculations these population figures have been used:

<table>
<thead>
<tr>
<th>Country</th>
<th>Population</th>
<th>% of EU total population</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU-28</td>
<td>505,665,739</td>
<td>100.00</td>
</tr>
<tr>
<td>Turkey</td>
<td>75,627,384</td>
<td>14.96</td>
</tr>
<tr>
<td>Serbia</td>
<td>7,181,505</td>
<td>1.42</td>
</tr>
<tr>
<td>Croatia</td>
<td>4,262,140</td>
<td>0.84</td>
</tr>
<tr>
<td>Bosnia</td>
<td>3,835,645</td>
<td>0.76</td>
</tr>
<tr>
<td>Albania</td>
<td>2,831,741</td>
<td>0.56</td>
</tr>
<tr>
<td><strong>Macedonia</strong></td>
<td><strong>2,062,294</strong></td>
<td><strong>0.41</strong></td>
</tr>
<tr>
<td>Kosovo</td>
<td>1,815,606</td>
<td>0.36</td>
</tr>
<tr>
<td>Montenegro</td>
<td>622,777</td>
<td>0.12</td>
</tr>
</tbody>
</table>

*Gross Domestic Product*

GDP per capita according to Purchasing Power Standards (PPS) is the most important statistic for measuring the overall growth of the economy over time. It shows the wealth of a country as a whole taking into account population, differences in exchange rates and in-country market prices for essential goods.

---


Table: GDP per head 2005 – 2012

*Current market prices (PPS, EU-28=100)*

<table>
<thead>
<tr>
<th>Country</th>
<th>2005</th>
<th>Increase</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>42</td>
<td>+12</td>
<td>54</td>
</tr>
<tr>
<td>Romania</td>
<td>35</td>
<td>+15</td>
<td>50</td>
</tr>
<tr>
<td>Bulgaria (poorest EU MS)</td>
<td>37</td>
<td>+10</td>
<td>47</td>
</tr>
<tr>
<td>Montenegro</td>
<td>31</td>
<td>+10</td>
<td>41</td>
</tr>
<tr>
<td>Serbia</td>
<td>32</td>
<td>+4</td>
<td>36</td>
</tr>
<tr>
<td><strong>Macedonia</strong></td>
<td><strong>29</strong></td>
<td><strong>+6</strong></td>
<td><strong>35</strong></td>
</tr>
<tr>
<td>Albania</td>
<td>22</td>
<td>+8</td>
<td>30</td>
</tr>
<tr>
<td>Bosnia</td>
<td>25</td>
<td>+4</td>
<td>29</td>
</tr>
<tr>
<td>Kosovo</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

As revealed in the table, based on Eurostat data on GDP in PPS, the former Yugoslav Republic of Macedonia remains poorer than every member of the EU. It is also catching up more slowly than new EU members.

It is illuminating to compare the rate of convergence of current accession countries with that of other European transition countries in the recent past.

Table: Convergence in Accession Countries: GDP per head 2001 - 2012

*Current market prices (PPS, EU-28=100)*

<table>
<thead>
<tr>
<th>Country</th>
<th>2001</th>
<th>Increase</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lithuania</td>
<td>42</td>
<td>+30</td>
<td>72</td>
</tr>
<tr>
<td>Estonia</td>
<td>47</td>
<td>+24</td>
<td>71</td>
</tr>
<tr>
<td>Poland</td>
<td>48</td>
<td>+19</td>
<td>67</td>
</tr>
<tr>
<td>Latvia</td>
<td>39</td>
<td>+25</td>
<td>64</td>
</tr>
<tr>
<td>Croatia</td>
<td>51</td>
<td>+11</td>
<td>62</td>
</tr>
<tr>
<td>Romania</td>
<td>28</td>
<td>+22</td>
<td>50</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>30</td>
<td>+17</td>
<td>47</td>
</tr>
</tbody>
</table>

Employment

There are two reasons for the low GDP per capita of the former Yugoslav Republic of Macedonia. One is that the share of the working age population which is employed remains far below the European average. The second is that the productivity and wages of those who have work are low by comparison. This is also because a large share of the work force is engaged in agriculture, working with low productivity.

A high employment rate is evidence of a greater integration of the potential work force. This leads to lower government costs (via social security) and increased economic performance for the EU.

---


8 PPS is the indexed form of Purchasing Power Parity, found in the glossary of terms.

the country (higher GDP). It also contributes to higher tax revenues and higher household income. The 2011 employment rate is shown below:

**Table: Employment**

*Employment rate (percentage) for aged 15-64 in 2011*

<table>
<thead>
<tr>
<th>Country</th>
<th>Employment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union-27</td>
<td>64.3</td>
</tr>
<tr>
<td>Albania</td>
<td>53.4</td>
</tr>
<tr>
<td>Croatia</td>
<td>52.4</td>
</tr>
<tr>
<td>Turkey</td>
<td>48.4</td>
</tr>
<tr>
<td>Montenegro</td>
<td>45.9</td>
</tr>
<tr>
<td>Serbia</td>
<td>45.4</td>
</tr>
<tr>
<td><strong>Macedonia</strong></td>
<td><strong>43.9</strong></td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>39.6</td>
</tr>
<tr>
<td>Kosovo</td>
<td>26.1</td>
</tr>
</tbody>
</table>

The former Yugoslav Republic of Macedonia has significantly lower levels of employment than the EU average. According to the Europe 2020 Strategy:

“… the EU headline employment rate target of 75% for the population aged 20–64 is the most outstanding illustration of the EU’s ambitions in the field of employment. The enlargement countries will be associated with initiatives taken at EU level to meet the goals of the Europe 2020 strategy, including the EU employment rate target.”

In order to better understand low employment rates it is useful to look also at female employment, the number of women working. In the former Yugoslav Republic of Macedonia only 35 percent of all women of working age are working.

**Table: Women in employment**

*Employment rate (percentage) for women aged 15-64 in 2012*

<table>
<thead>
<tr>
<th>Country</th>
<th>Employment rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>European Union-28</td>
<td>58.5</td>
</tr>
<tr>
<td>Albania</td>
<td>49.6</td>
</tr>
<tr>
<td>Croatia</td>
<td>46.2</td>
</tr>
<tr>
<td>Montenegro</td>
<td>41.6</td>
</tr>
<tr>
<td>Serbia</td>
<td>38.1</td>
</tr>
<tr>
<td><strong>Macedonia</strong></td>
<td><strong>35.3</strong></td>
</tr>
<tr>
<td>Turkey</td>
<td>28.7</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>28.1</td>
</tr>
<tr>
<td>Kosovo</td>
<td>12.5</td>
</tr>
</tbody>
</table>

---


The number of people who try to find work unsuccessfully is very high with 31 percent, after Kosovo the highest figure among the seven accession countries.

### Table: Unemployment rate

*Total Unemployment Rate (%) in 2012 (Croatia 2011)*

<table>
<thead>
<tr>
<th>Country</th>
<th>Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turkey</td>
<td>8.20</td>
</tr>
<tr>
<td>Croatia</td>
<td>13.50</td>
</tr>
<tr>
<td>Albania</td>
<td>13.92</td>
</tr>
<tr>
<td>Montenegro</td>
<td>19.70</td>
</tr>
<tr>
<td>Serbia</td>
<td>23.93</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>28.60</td>
</tr>
<tr>
<td><strong>Macedonia</strong></td>
<td><strong>31.01</strong></td>
</tr>
<tr>
<td>Kosovo</td>
<td>35.10</td>
</tr>
</tbody>
</table>

Because of low productivity average wages in the former Yugoslav Republic of Macedonia are also low.

### Table: Wages

*Average nominal monthly wages and salaries (EUR)*

<table>
<thead>
<tr>
<th>Country</th>
<th>2001</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Croatia</td>
<td>687</td>
<td>1,056</td>
</tr>
<tr>
<td>Turkey</td>
<td>246</td>
<td>557</td>
</tr>
<tr>
<td>Serbia</td>
<td>146</td>
<td>504</td>
</tr>
<tr>
<td>Montenegro</td>
<td>149</td>
<td>463</td>
</tr>
<tr>
<td>Bosnia</td>
<td>209</td>
<td>417</td>
</tr>
<tr>
<td><strong>Macedonia</strong></td>
<td><strong>173</strong></td>
<td><strong>339</strong></td>
</tr>
<tr>
<td>Albania</td>
<td>143</td>
<td>296</td>
</tr>
<tr>
<td>Kosovo</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

There is one additional indicator that highlights the huge development challenge facing the former Yugoslav Republic of Macedonia: a very high share of the low number of people employed are working in low productivity agriculture. There needs to be a structural shift of these workers into higher productivity employment, including in rural areas, for wages and per capita GDP to rise.

---

14 Montenegro and Turkey, 2002.
15 Croatia, Montenegro and Albania, 2009; Turkey, 2010; Serbia, break in series, 2009.
16 For 2011, net salary, including data from Brcko District.

www.esiweb.org
Table: Employment Rate in Agriculture

Employment rate (percentage) in Agriculture for Aged 15-64

<table>
<thead>
<tr>
<th>Country</th>
<th>2001</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>57.7</td>
<td>44.1</td>
</tr>
<tr>
<td>Turkey</td>
<td>35.8</td>
<td>24.0</td>
</tr>
<tr>
<td>Serbia</td>
<td>24.1</td>
<td>21.2</td>
</tr>
<tr>
<td>Bosnia and Herzegovina</td>
<td>19.6</td>
<td>19.6</td>
</tr>
<tr>
<td><strong>Macedonia</strong></td>
<td><strong>25.0</strong></td>
<td><strong>18.1</strong></td>
</tr>
<tr>
<td>Croatia</td>
<td>15.6</td>
<td>13.0</td>
</tr>
<tr>
<td>Montenegro</td>
<td>3.1</td>
<td>5.6</td>
</tr>
<tr>
<td>European Union-27</td>
<td>7.7</td>
<td>5.0</td>
</tr>
<tr>
<td>Kosovo</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>

There is also one encouraging indicator when it comes to the competitiveness of the Macedonian economy in a regional context: exports per capita. Here the country is doing better than its neighbours, although there is huge potential for this to increase further.

Table: Exports per capita

Annual exports of goods per capita (EUR)

<table>
<thead>
<tr>
<th>Country</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Croatia</td>
<td>2,234</td>
</tr>
<tr>
<td><strong>Macedonia, FYR</strong></td>
<td><strong>1,554</strong></td>
</tr>
<tr>
<td>Turkey</td>
<td>1,315</td>
</tr>
<tr>
<td>Serbia</td>
<td>1,111</td>
</tr>
<tr>
<td>Bosnia</td>
<td>1,094</td>
</tr>
<tr>
<td>Montenegro</td>
<td>732</td>
</tr>
<tr>
<td>Albania</td>
<td>494</td>
</tr>
<tr>
<td>Kosovo</td>
<td>178</td>
</tr>
</tbody>
</table>

Conclusion

In light of these fundamental economic indicators – GDP per capita and the rate of employment – the former Yugoslav Republic of Macedonia remains far behind the EU-28, as well as behind most of the other accession countries. It is not converging at a satisfactory rate. The employment rate has been extremely low for more than a decade.

For this reason we conclude that the former Yugoslav Republic of Macedonia is not yet a functioning market economy.
PILOT ABILITY TO TAKE ON THE OBLIGATIONS OF MEMBERSHIP

“Countries wishing to join need to have the ability to take on and implement effectively the obligations of membership, including adherence to the aims of political, economic and monetary union.”

Copenhagen Criteria

This section examines the former Yugoslav Republic of Macedonia’s ability to take on the obligations of membership — that is, the acquis, as expressed in the Treaties, the secondary legislation and the policies of the European Union. The analysis is structured according to the list of 33 acquis chapters. For each of these, the Commission assesses the progress achieved during the reporting period and summarises the country’s overall level of preparation.

This section looks at two fundamental pillars which are central to meeting the conditions for accession (together with good economic governance): the rule of law and an effective and competent public administration. These two pillars are closely related: in a democracy it is the very definition of a good administration that it performs its tasks in accordance with laws. On the other hand, the rule of law does not exist without a credible and honest administration – from the judicial system to regulators, from state audit bodies to inspectors. Respect for the rule of law and administrative competence are crucial for every single policy (chapter) in the EU accession process, as is the ability of public institutions to identify, fight and punish corruption.

This year’s report examines two policy areas in particular detail: public procurement (5) and financial control (32). In both areas parts of the state administration are put to a crucial test. Both areas are central to the fight against corruption. Two roadmaps of essential conditions have been drawn up which spell out the criteria used for evaluating the state of procurement and financial control in light of standards required for accession.

Expert assessments were carried out in all seven accession countries with a strict and fair methodology. Their concrete findings allow reformers to assess clearly where their countries stand when it comes to European standards and to compare their situation with that of other accession countries.

This year’s report also pays particular attention to the most important public institutions in some core policy fields: free movement of goods (1), competition policy (8), the judicial system and courts (23).

It also takes a look at evidence concerning corruption in all seven accession countries, and at the ability of citizens and civil society to find out about core public policies and hold public institutions accountable.

When states buy things – procurement

Having clear and transparent rules and practices for procurement is in the vital interest of every accession country. The European rules (acquis) on public procurement follow some general principles: transparency, equal treatment, free competition and non-discrimination. Specific EU rules apply to the coordination of the award of public contracts for works, services and supplies, for traditional contracting entities and for special sectors. These rules also specify review procedures and the availability of remedies. Specialised implementing bodies are required.

www.esiweb.org
For the purpose of this report every accession country was given a *Roadmap of essential conditions* (Chapter 5). It was also asked to do a self-assessment on this basis, followed by expert missions and EU expert reports. All of these are online.

A detailed *Essential conditions scorecard* (Chapter 5), based on these assessments, is included in the Annex of this report. This scorecard and the detailed expert reports highlight the following: …*MORE*

### After states spent money – financial control

Every EU member state must adopt internationally agreed and EU compliant principles, standards and methods of public internal financial control (PIFC) and apply these to the internal control systems of the entire public sector, including the spending of EU funds.

In particular, the acquis requires the existence of effective and transparent financial management and control systems (including adequate ex-ante, on-going and ex-post financial control or inspection); functionally independent internal audit systems; the relevant organisational structures (including central co-ordination); an operationally and financially independent external audit organisation to assess, amongst others, the quality of the newly established PIFC systems. A special focus is also on the protection of EU financial interests and the fight against fraud involving EU funds.

For the purpose of this report every accession country was given a *Roadmap of essential conditions* (Chapter 32). It was also asked to do a self-assessment on this basis, followed by expert missions and EU expert reports. All of these are online.

A detailed *Essential conditions scorecard* (Chapter 32), based on these assessments, is included in the Annex of this report. This scorecard and the detailed expert reports highlight the following: …*MORE*

### When rules are broken – measuring corruption

Corruption is one of the major concerns of the EU in the accession countries. It has been hard, though, to assess the nature and scope of this problem in the different countries.

Every two years, the European Commission conducts two major surveys on corruption in the EU member states. One looks at corruption overall and was last published in February 2014 as the [*Special Eurobarometer 397 – Corruption*](https://doi.org/10.2795/4893): the other examines corruption in the business world ([*Flash Eurobarometer 374 – Business’ attitudes towards corruption in the EU*](https://doi.org/10.2795/374)). These two surveys serve as the basis for the comparative sections of the [*EU Anti-Corruption Report*](https://doi.org/10.2795/4893) prepared by the European Commission.

Unlike other studies on corruption, many questions raised in these surveys relate to actual experiences with corruption (as opposed to perceptions). The first poll is based on close to 28,000 interviews with individuals, the second one on interviews with close to 8,000 companies. The application of the same methodology throughout all countries makes the data easily comparable.

The polls include questions like

*If you wanted to get something from the public administration or a public service, to what extent do you think it is acceptable to give money?*

*Do you personally know anyone who takes or has taken bribes?*
“In the past 12 months has anyone in (our country) asked you or expected you to pay a bribe for his or her services?”

“Do you consider the following to be a problem or not for your company when doing business in (our country)? – Corruption / Lack of means or procedures to recover debt from others / fast changing legislation and policies / taxes / access to financing, including credit / complex administrative procedures

Results look like this:

The applicant countries will be included in the next set of these polls, whose results will be available for the next Progress Report. Over time, their inclusion in these polls will also allow to track change in this area.

In addition, our expert missions found the following: … MORE

The legal and institutional framework is in place. However, the human and financial resources of the various enforcement bodies and supervisory agencies remain weak and their powers, status, independence and visibility need to be strengthened in order to engage in effective operations. Inter-agency cooperation and communication still needs to improve further and data exchange and sharing is limited. Problems include the lack of IT interconnectivity
between the courts and the prosecution service and the absence of a central register of public officials, which hampers the supervisory work of the State Commission for the Prevention of Corruption. There is currently little strategic planning in this area, and future policies should be better targeted towards the real problem areas, including public procurement, political corruption and high-level corruption.

Administrative capacity was strengthened through the employment of 34 legal and administrative support staff in the Public Prosecution Offices (PPOs) across the country and 5 new junior auditors in the State Audit Office’s Unit for supervision of political party and election campaign financing. The chief Public Prosecutor’s Office, Skopje Basic PPO and the Skopje High PPO were all relocated to a new building with modern facilities. However, the relevant enforcement bodies and supervisory institutions remain understaffed, under-resourced and inadequately equipped in light of their responsibilities and workload, which presents a serious challenge to the effective fight against corruption. The Ministry of Interior’s Anti-Corruption Unit was upgraded to the Sector for the Fight against Corruption but its status remains weak; only 19 posts are allocated to it, of which over a third still have to be filled.

Substantial human and material resources are still needed in order for the prosecution service to ensure full implementation of the new Law on Criminal Procedure. Some basic PPOs still work in inadequate premises with insufficient IT support. The Investigative Centre within the PPO for the Fight against Organised Crime and Corruption, although formally established in 2011, has yet to become operational, and no further Investigative Centres have been set up. Only around 40% of the 45 posts foreseen within the State Commission for the Prevention of Corruption (SCPC) have been filled and it remains hampered by its limited powers. Although the Ministry of Interior’s Sector for Internal Control and Professional Standards (SICPS) has been granted new powers in the area of integrity, it still lacks independence.

As regards enforcement activities, there was a 50% drop in convictions for corruption-related offences in 2013 (63 compared to 123 in 2012); 56 of the convictions related to abuse of public office, while only 3 related to bribery. Data has been gathered on several hundreds of corruption cases initiated since 2009 and over 30 high-level corruption cases initiated since 2004, all of which are now subject to continuous monitoring from investigation until final sentencing. The overall capacity of the courts to deal with corruption cases remains weak, in particular as regards high-level cases, where proceedings are lengthy and inefficient. The need for further improvements to the criminal procedure should be considered, in particular to counteract deliberate delay tactics by accused persons and their representatives. The fact that amendments, aimed at preventing repeated remittals of cases by appeal courts to lower courts for re-trial, are only applicable to new cases significantly hampers their effectiveness. The SCPC continued to receive low numbers of citizen complaints (201 in 2013, 177 in 2012). It filed 9 requests to the PPO to initiate criminal proceedings in 2013. Cases referred by the SCPC to the PPO have rarely led to successful prosecutions, and the PPO needs to provide more feedback on cases referred to it, to ensure a higher success rate. There was a sharp drop in confiscations of assets in corruption cases (10 cases in 2013 compared to 70 in 2012) and the use of special investigative measures in corruption cases remains rare.

Awareness-raising measures and greater political commitment are urgently needed. Claims of selective enforcement and political influence in this area persist. Public trust in anti-corruption bodies remains low.

The SCPC continued to carry out its corruption prevention activities. It initiated misdemeanour proceedings against 36 public officials in 2013 for failure to submit legally-required asset declarations and 9 officials were subsequently fined by the courts. The SCPC requested the Public Revenue Office to conduct asset examinations in 30 new cases in 2013,
and the latter charged three officials with the 70% tax rate on undeclared assets, following the completion of asset examination procedures which had been initiated in previous years. As regards conflicts of interest, the SCPC received 1,459 statements of interests in 2013. It also carried out a systematic verification of the judiciary sector and initiated misdemeanour proceedings against 32 judges for failure to submit statements of interest. A total of 196 cases of potential conflict of interest were processed by the SCPC in 2013, and in 15 cases officials were given a public reprimand. The SCPC is not empowered to impose any other penalties for conflicts of interest, following annulment of parts of the Law on Conflicts of Interest by the Constitutional Court in 2010. The absence of a registry of elected and appointed officials continues to hamper effective control of assets and conflicts of interest. In cases where the SCPC initiates misdemeanour proceedings for failure to submit asset declarations or statements of interest, the courts’ weak application of the available penalties undermines its work and fails to send a sufficiently deterrent message to public officials who abuse the rules.

The SICPS of the Ministry of Interior initiated corruption-related disciplinary proceedings against 12 police officers in 2013 and 6 were fined as a result. It also initiated criminal proceedings in 6 corruption-related cases. The Customs Administration enhanced internal control measures, adopted a new code of conduct and organised anti-corporruption training for staff. No corruption-related disciplinary proceedings were initiated against customs offices in 2013, but criminal charges were brought against two customs officers for smuggling. The Customs Administration needs to step up efforts to fight corruption and should acquire the technical capacity to independently carry out special investigative measures, which fall within its legal mandate.

As regards political party and election campaign funding, shortcomings persist in both the legislation and its implementation. The powers and resources of the State Audit Office need to be enhanced to enable effective control of the origin of donations. Rules on expenditure verification should be further strengthened. The closure of campaign bank accounts and the treatment of campaign debts are yet to be regulated to prevent abuse. Penalties for breaches of the relevant legislation have started being imposed in practice, but a credible track record has yet to be developed in this field and the lack of transparency and accountability of political parties in relation to party funding remains a concern.

Convictions under the Criminal Code for abuse of public procurement procedures dropped to just 6 in 2013, compared to 12 in the previous year. The Law on Public Procurement was amended to include criminal penalties (imprisonment) for violations of tender procedures. However, their positive impact on the integrity of the procurement system, as well as their proportionality and enforceability, have yet to be demonstrated in practice. No administrative penalties are yet foreseen for milder violations of the law. There is still no institution assigned to ensure effective and timely control and supervision of public procurements, concessions, public-private partnerships and the execution of contracts. Corruption in public procurement remains a serious concern.

The Electoral Code was amended to address shortcomings highlighted by OSCE/ODIHR in relation to the financing of election campaigns, and the Criminal Code was amended to introduce the new criminal offence of illegal disbursement of state funds during elections. The Law on Management of Confiscated Assets was extended in scope to cover misdemeanour and administrative cases, and the rules on management of seized and confiscated assets were refined. The OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions has not yet been ratified.

In 2013, the SCPC and the Academy for Judges and Prosecutors organised anti-corruption training activities reaching more than 700 participants. However, much remains to be done as regards capacity building and raising citizens’ awareness. The enforcement of anti-corruption
legislation and its results remain largely invisible to the public. The internal control system in central and local administration remains weak and whistle-blowing mechanisms in public and private sectors have yet to be set up. The relevant anti-corruption bodies need to be more proactive and to focus on the systemic problems. Public trust in their effectiveness and independence needs to be improved to encourage citizens to resist and expose corruption, and greater independence of the judiciary and media freedom would reinforce anti-corruption efforts.

Civil society and accountability

With regard to accountability, the enforcement of the Law on Free Access to Public Information remains inadequate. A Law on Use of Public Data, adopted in February 2014, is expected to increase transparency and encourage public institutions to publish data.

The Law on Free Access to Public Information and its implementation remain deficient. The enforcement mechanism for breaching this law is inefficient and penalties are not imposed in practice. Political parties remain excluded from the list of holders of information, releasing them from the enforcement regime. Public awareness of the National Commission for the Protection of the Right to Free Access to Public Information remains low. Transparency and accountability of public institutions and enterprises, and of public expenditure, continue to be insufficient.

The number of complaints received by the National Commission for Protecting Access to Information, primarily against state administrative bodies, local authorities and the judiciary, decreased by more than half in 2013. As was the case in the previous year, three quarters of the complaints related to the failure to respond promptly to requests. For the law to be enforced efficiently, the National Commission needs to have the capacity and the power to impose penalties for misdemeanours.

Chapter 1: Free movement of goods

The principle of the free movement of goods implies that products must be traded freely from one part of the Union to another. In a number of sectors this general principle is complemented by a harmonised regulatory framework, following the “old approach” (imposing precise product specifications) or the “new approach” (imposing general product requirements). The harmonised European product legislation, which needs to be transposed, represents the largest part of the acquis under this chapter. In addition, sufficient administrative capacity is essential to notify restrictions on trade and to apply horizontal and procedural measures in areas such as standardisation, conformity assessment, accreditation, metrology and market surveillance.

This year Commission experts looked in particular at administrative capacity in the following basic policy areas, and how far the work of institutions meets the standards expected of future EU members:

- standardisation (Institute of Standardisation)
- accreditation (Institute of Accreditation)
- metrology (Metrology Office)
- market surveillance (the State Market Inspectorate)

It developed a roadmap of essential conditions – administrative capacity (Chapter 1). Next year the European Commission will take a look at legislation in this area and how far it is
from the standards required for accession. Based on expert assessments the quality and performance of these institutions has been assessed as follows:

*Insert findings and scores for all four institutions – scale 1-5*

The Institute of Standardisation issued 25,773 standards and standardisation documents (as compared with 22,552 a year earlier) of which 23,110 are European standards. Five national standards (for waste, geotechnical equipment, gas equipment and tobacco products and liquid petroleum gas) were issued. The capacity of the Institute is sufficient and six additional staff members were appointed. The Institute operates 26 technical committees all of which act as observers in EU standardisation bodies. Six legal entities conduct *conformity assessments* in regulated areas, mainly of lifts, pressure equipment, machines and cable transport devices.

The capacity of the Institute of Accreditation is sufficient. The Institute had accredited a total of 136 conformity assessment bodies and has withdrawn 13 accreditations. The Institute started the accreditation procedure for a medical laboratory in accordance with the new standard, ISO 15189:2010. In accordance with the new national legal framework on *accreditation*, all public administration bodies were obliged to introduce quality management systems based on international or local standards. The ISO 9001 standard is a minimum requirement. The Law on Accreditation, however, only recognises certificates issued by bodies accredited by the relevant national institute, and not those issued by EU certification bodies, which distorts competition and raises concerns about the implementation of the obligations under the Multilateral Agreement on Mutual Recognition of Certifications.

The capacity of the Metrology Office was significantly strengthened by the appointment of 9 new employees, a 30% increase in staff numbers.

During 2013, the State Market Inspectorate conducted 147 *market surveillance* inspections relating to the Law on Product Safety (less than half as many as in 2012) and 360 inspections relating to the Law on Construction Products (an almost four-fold increase on the previous year). These inspections identified, respectively, five and 23 misdemeanours. A total of 978 inspections were conducted relating to the application of the Law on Metrology and 87 abuses were identified.

Country specific recommendations based on this assessment include … MORE …

*** end of dummy report ***