



## Key findings of the 2020 Report on North Macedonia

Brussels, 6 October 2020

### Political criteria

North Macedonia continued to implement EU-related reforms throughout the reporting period. Efforts continued to strengthen democracy and the rule of law, including by activating existing checks and balances and through discussions and debates in key policy and legislative issues. Opposition parties remained engaged in the Parliament and supported key issues of common national interest, such as EU-related reforms and the NATO integration process, which North Macedonia joined in March 2020. Following the outcome of the European Council in October 2019, political parties decided in common agreement to hold early parliamentary elections on 12 April 2020. In line with the national legislation, a technical government, with Ministers and Deputy Ministers from the main opposition party, was appointed in January 2020. Following the outbreak of the COVID-19 pandemic, a state of emergency was declared between March and June 2020, which enabled the technical government to rule by decree. The early parliamentary elections were postponed to July 2020. The Office for Democratic Institutions and Human Rights at the Organisation for Security and Cooperation in Europe (OSCE/ODIHR) assessed that these elections were generally well run and the campaign was genuinely competitive, but legal stability was undermined by substantial revisions of the legal framework and subsequent government decrees. During the reporting period, the Parliament improved its role as the primary forum for constructive political dialogue and fulfilled its legislative functions, including by adopting key EU-related laws. However, the significant increase of the use of fast track procedures raises concerns and should be limited. The Parliament operated in greater transparency and used its oversight functions, restoring checks and balances over the executive. The Parliament dissolved in February 2020, in anticipation of early elections, and the Speaker's view was that it could not reconvene. Following the July 2020 elections, the newly constituted Parliament elected the government in August 2020. The inter-ethnic situation remained calm overall. Efforts were made to strengthen inter-ethnic relations and to implement the Ohrid Framework Agreement, which ended the 2001 conflict and provides the framework for preserving the multi-ethnic character of the society.

Civil society remains active and plays a key role in policy and decision-making processes. Measures have been taken to implement the 2018-2020 Strategy and Action Plan for the Cooperation between Government and Civil Society. However, efforts are needed to ensure a more meaningful and timely consultation process.

The ongoing reform of the intelligence services resulted in the setting up in September 2019 of the National Security Agency, designed as an independent state body without police powers, unlike its predecessor the Bureau for Security and Counterintelligence (UBK). This is in line with recommendations of the Senior Experts' Group on systemic rule of law issues. The Operational Technical Agency continued to function. Further efforts are needed to ensure that it has access to all necessary tools to fulfil its mandate. The capacity for parliamentary oversight over the intelligence services needs to be strengthened.

North Macedonia is moderately prepared with the reform of its **public administration**. Some progress was made in improving transparency, with the adoption of the 2019-2021 Transparency Strategy, the operationalisation of the open government data portal and the publication of data on government spending. The monitoring reports on implementation of the Public Administration Reform Strategy and the Public Financial Management Reform Programme were produced and accompanied by adequate visibility actions. Ensuring respect for the principles of transparency, merit and equitable representation remains essential. The State Commission for Prevention of Corruption continued to address allegations of nepotism, cronyism and political influence in the process of recruitment of public sector employees. A proper follow-up to the reports and recommendations of the State Commission needs to be ensured.

The **judicial system** of North Macedonia has some level of preparation/is moderately prepared. There was good progress in the implementation of the judicial reform strategy, thereby addressing the 'Urgent Reform Priorities' and recommendations from the Venice Commission and the Senior

Experts' Group on systemic Rule of Law issues. Efforts are still needed to ensure systematic implementation of the updated action plan of the judicial reform strategy. Judicial institutions are implementing new rules for appointment, promotion, discipline and dismissal of judges and the Judicial Council has been exercising its role more pro-actively. As a result of its reform efforts in recent years, North Macedonia has established mechanisms to ensure judicial independence and accountability, such as rules on merit-based appointments, checking assets and conflicts of interest and disciplinary procedures. It should ensure their determined and consistent use before envisaging further changes in this area. The Law on the Public Prosecutor's Office entered into force in June 2020. The purpose of the law is *inter alia* to ensure a sustainable solution for the cases of the Special Prosecutor's Office and to establish accountability for the crimes arising from and surrounding the illegal wiretaps. The revised Law on the Council of Public Prosecutors was also adopted. Effective implementation of the legal framework as well as increased efforts by all stakeholders to demonstrate their exemplarity will contribute to increasing public trust in the judiciary.

As regards the **fight against corruption**, North Macedonia has some level of preparation/is moderately prepared. Good progress was made through consolidating its track record on investigating, prosecuting and trying high level corruption cases. The State Commission for Prevention of Corruption has been particularly pro-active in preventing corruption and opened a high number of cases, including those involving high-level officials from across the political spectrum, in line with last year's recommendation. Efforts continue to move forward with the Special Prosecutor's Office cases and establish accountability for the illegal wiretaps. The former Chief Special Prosecutor was convicted in June 2020 in the first instance verdict in the so-called 'racket case' concerning alleged extortion and abuse of office in relation to a case of the Special Prosecutor's Office. Corruption is prevalent in many areas and a more proactive approach from all actors engaged in preventing and fighting corruption needs to be ensured.

The country has some level of preparation in the **fight against organised crime**. The legislative framework is broadly in line with European standards, and efforts to implement strategies against organised crime must continue. Some progress was made in meeting last year's recommendation to establish an asset recovery office in line with the EU *acquis*. The office will now have to demonstrate its capacity to support a proactive policy of asset confiscation. The country is engaged in threat assessment at the regional level, and will have to broaden its scope in line with the EU practices. There is some progress at the operational level, but more needs to be done to improve the effectiveness of law enforcement in fighting specific forms of crime, such as money laundering and financial crimes. The cooperation with Europol is increasing across the different criminal areas. Coordination remains crucial for all stakeholders involved in fighting organised crime.

Some progress has been made in the fight against terrorism and preventing/countering violent extremism in line with the objectives set out in the Joint Action Plan on counter-terrorism for the Western Balkans and the bilateral implementing arrangement.

The legal framework on the protection of **fundamental rights** is largely in line with European standards. The deinstitutionalisation process is under way and resettlement of children to community-based care is being carried out. The Ministry of Labour and Social Policy is investing in community services, including to support victims of gender-based violence. It is essential that these services continue to be made available. Additional efforts are needed to address recommendations of European and international human rights bodies, particularly regarding the treatment of detained and convicted persons. The Constitutional Court's decision to repeal the Law on Prevention and Protection against Discrimination on procedural grounds means that the country currently lacks a comprehensive legal framework on non-discrimination and an equality body. This serious gap needs to be addressed by the new legislature. It is also important for the country to enhance implementation of the legislation on hate speech and of the national action plan for implementation of the Istanbul Convention. While the set-up of the external oversight mechanism of the police is complete, the absence of genuinely independent investigators may impede the work of the unit to effectively address police impunity. The country should take urgent measures to further improve the situation in prisons and to support alternatives to detention.

The country has some level of preparation / is moderately prepared in the area of **freedom of expression** and has made limited progress during the reporting period. The overall situation and climate in which media operates remain generally conducive to media freedom and allow for critical media reporting, although there have been some increased tensions during the COVID-19 crisis and in the context of the elections. Self-regulation efforts need to be intensified to support advancement in professional standards and the quality of journalism. It is important to ensure greater transparency of media advertising by state institutions, political parties and public enterprises. Sustainable solutions to ensure the public service broadcaster's independence, professional standards and financial sustainability are needed. It is essential to continue supporting media pluralism, promoting professionalism, unbiased reporting and investigative journalism, and building

resilience to effectively combat disinformation. The financial sustainability of independent media and working conditions of journalists remain a challenge.

With regard to **regional cooperation**, the country maintained its good relations with other enlargement countries and participated actively in regional initiatives. It is important to continue implementing bilateral agreements, including the Prespa agreement and the Treaty on Good Neighbourly Relations with Bulgaria.

North Macedonia continues to play an active and constructive role in the management of **mixed migration flows**. It remains on one of the main transit routes for mixed movement. It cooperates effectively with neighbouring countries and EU Member States, including with guest officers from the EU Member States on the ground. Considerable efforts to ensure basic living conditions and services for all migrants staying in the country continued. The registration of migrants and adequate protection-sensitive profiling improved but needs to be carried out in a more systematic manner. The Status Agreement with the European Border and Coast Guard Agency has not been signed yet. The problem of frequent smuggling activities at the northern border needs to be further addressed.

As regards the **economic criteria**, North Macedonia is at a good level of preparation in developing a functioning market economy but made limited progress during the reporting period. Economic growth accelerated in 2019 as investment picked up, but, since April 2020, the COVID-19 crisis has left its mark on the economy and on public finances. The authorities have taken a range of measures supporting companies and households, to mitigate the economic and social impact of the crisis. In the reporting period, fiscal transparency was further improved. However, fiscally significant reforms of income taxation and the pensions system, introduced at the beginning of 2019, were reversed. Moreover, public capital expenditure implementation remained markedly low, and public debt stabilisation is not yet secured. Before the COVID-19 crisis, unemployment rates declined further, also for young workers, and informal employment decreased slightly. However, the impact of the COVID-19 crisis will likely reverse those positive trends. Participation rates remain low, even though the share of women in the labour market increased. The financial sector remained robust and lending to the private sector strengthened. The business environment continues to be impeded by a high share of the informal economy.

North Macedonia has made some progress and is moderately prepared to cope with competitive pressures and market forces within the EU. Integration with the EU in trade and investment deepened further. Exports and manufacturing output diversified further towards higher-value products. However, skills shortages, reflecting shortcomings in the education system and the outflow of skilled workers, as well as infrastructure investment gaps impair labour productivity and the competitiveness of the economy. While measures to mitigate the immediate adverse impact of the COVID-19 crisis on growth and employment are currently prevalent, addressing these structural needs in a timely manner would support a swift post-crisis economic recovery.

As regards its ability to assume **the obligations of membership**, the country continues to be moderately prepared in most areas, including in the areas of competition, public procurement, statistics, financial control, transport, energy. The country shows a good level of preparation in areas such as company law, customs union, trans-European networks and science and research. The country is at an early stage of preparation in areas such as free movement of workers as well as financial and budgetary provisions. Over the coming period, more focus is also needed on administrative capacity and effective implementation. The country has continued to improve its alignment with the EU common foreign and security policy.

## **Key dates**

**June 2003:** The EU-Western Balkans Thessaloniki Summit confirms the EU perspective for the Western Balkans.

**March 2004:** The country applies for EU membership.

**April 2004:** The Stabilisation and Association Agreement enters into force.

**December 2005:** The status of candidate country is granted.

**October 2009:** The European Commission recommends for the first time the opening of accession negotiations.

**December 2009:** Visa-free travel to the Schengen area for citizens of the country.

**March 2012:** High Level Accession Dialogue with the Commission launched.

**November 2015:** The European Commission makes its recommendation conditional on the continued implementation of the Pržino agreement and substantial progress in the implementation of

the "Urgent Reform Priorities".

**February 2018:** The European Commission adopts its strategy for "A credible enlargement perspective for and enhanced EU engagement with the Western Balkans".

**April 2018:** The European Commission recommends that the Council decides that accession negotiations be opened with the country in light of the progress achieved.

**May 2018:** The EU-Western Balkans Sofia Summit confirms the European perspective of the region and sets out a number of concrete actions to strengthen cooperation in the areas of connectivity, security and the rule of law.

**June 2018:** The Council sets out the path towards opening accession negotiations with the country in June 2019, depending on progress made.

**February 2019:** The EU is notified officially about the entry into force of the Prespa agreement.

**May 2019:** The European Commission recommends opening accession negotiations.

**February 2020:** Revised methodology, presented by the Commission, to drive forward the enlargement process with a stronger political steer and in a more credible, predictable, dynamic way.

**March 2020:** The members of the European Council endorsed the General Affairs Council's decision to open accession negotiations with North Macedonia.

**May 2020:** EU-Western Balkans Zagreb Summit.

**July 2020:** Presentation of the draft negotiating framework to the Member States.

**October 2020:** Commission proposes Economic & Investment Plan to support and bring the Western Balkans closer to the EU.

#### **For More Information**

[North Macedonia Report 2020](#)

[Enlargement Package 2020](#)

[North Macedonia Factograph](#)

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