



Government Defence
Integrity Index



2020

Country Brief:

NORTH MACEDONIA



NORTH MACEDONIA

North Macedonia's recent political history has been shaped by its ambition to join the EU and NATO, supported by a nationwide consultative referendum in 2018 that showed overwhelming support for both EU and NATO membership.¹ The ratification of the Prespa Agreement, which resolved a decades-long dispute between Skopje and Athens, paved the way for North Macedonia's NATO membership, confirmed in March 2020.² North Macedonia's accession comes at a time of mounting international and regional instability, with the Balkans increasingly the theatre for great power geopolitics and Russia in particular seeking to increase its influence in the region.³

Member of Open Government Partnership	Yes
UN Convention Against Corruption	Ratified in 2007
Arms Trade Treaty	Ratified in 2014

With regards to the EU, since 2018, when the European Commission recommended the opening of EU accession negotiations, North Macedonia has also strived to reach progress targets in key social, political and economic areas identified by the Commission.⁴ In its 2019 report, the Commission noted the country's continued progress towards implementing necessary reforms.⁵ However, North Macedonia remains highly vulnerable to corruption across its public and private sectors, with the illicit economy continuing to grow, and accountability mechanisms remaining weak.⁶ Despite some notable improvements in the defence sector, weak oversight mechanisms, poor transparency, ineffective whistleblowing systems and inadequate safeguards for corruption in operations contribute to heightened institutional vulnerability to corruption. In a context of rising military expenditure, as North Macedonia takes its first steps as a NATO member and continues to push for EU accession, strengthening safeguards to corruption within its defence and security architecture is set to become a salient issue.

Central and Eastern Europe Overview

As Central and Eastern European states become increasingly integrated with the EU and NATO through membership and partnerships, they are poised to play a key role in the continent's future, and in particular its security and defence decisions. Nevertheless, a combination of acute threat perceptions, rising defence budgets, and challenges to democratic institutions make states in Central and Eastern Europe and the Caucasus particularly vulnerable to setbacks in defence governance, which could threaten the progress made over the past decades. Already, authoritarian governments, particularly in the Western Balkans and Central Europe, have overseen significant democratic backsliding that has undermined the quality of defence governance and heightened corruption risk in the sector. Continuing and frozen conflicts in Ukraine, Moldova, Armenia and Azerbaijan, combined with Russian attempts to exert influence over the region through electoral interference, disinformation and corruption, contribute

to a delicate security situation in a strategically critical region. This will test the quality of defence governance across the region, which though fairly robust, has persistent gaps and deficiencies that need addressing. Weak parliamentary oversight and increasing alignment between the executive and legislature is undermining the quality of external scrutiny, while procurement continues to be shrouded in secrecy and exempted from standard contracting and reporting procedures. Equally, access to information and whistleblower protection systems are increasingly coming under threat and anti-corruption remains poorly integrated into military operations.



¹ European Commission, 'North Macedonia 2019 Report', *Commission Staff Working Documents*, 218, Brussels, 29 May 2019, p. 3.

² RFE/RL, 'North Macedonia Officially Joins NATO', *Radio Free Europe/Radio Liberty*, 27 March 2020.

³ Florain Bieber, Dane Taleski and Nikola Dimitrov, 'The Avoidable Return of Geopolitics in the Balkans', *Atlantic Council*, 10 May 2017.

⁴ European Commission, 'Commission Reports on Progress Made by Albania and North Macedonia', *Press Release*, Brussels, 2 March 2020.

⁵ European Commission, 'North Macedonia 2019 Report', p. 3.

⁶ Tuesday Reitano and Kristina Amerhauser, 'Illicit Financial Flows in Albania, Kosovo and North Macedonia: Key Drivers and Current Trends', *Global Initiative Against Transnational Organised Crime*, Geneva, August 2020, p. 13.



NORTH MACEDONIA

Overall scores

The size of the colour band corresponds to number of countries that fall into that category.

NORTH MACEDONIA SCORE

**MODERATE
RISK**

C

62



A > 83-100 VERY LOW

B > 67-82 LOW

C > 50-66 MODERATE

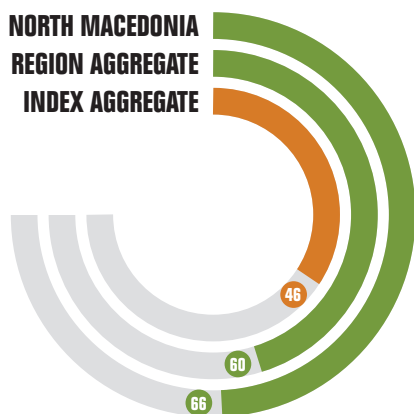
D > 33-49 HIGH

E > 17-32 VERY HIGH

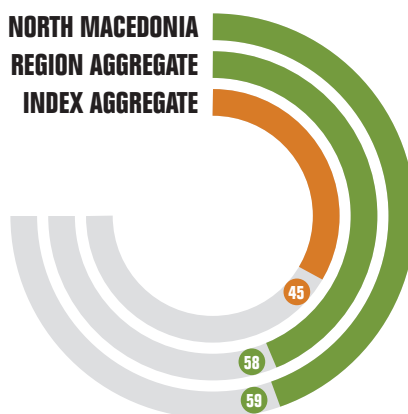
F > 0-16 CRITICAL

Risk Comparison

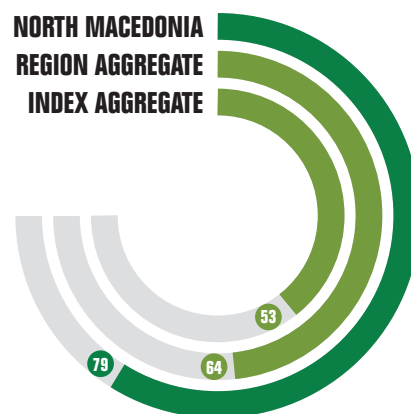
POLITICAL



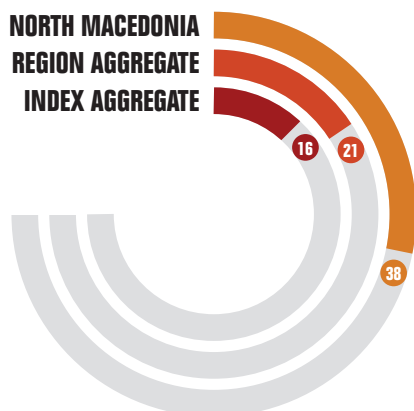
FINANCIAL



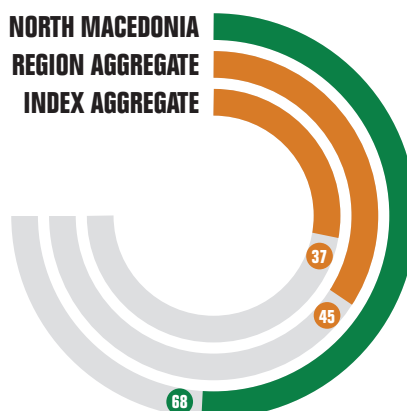
PERSONNEL



OPERATIONAL



PROCUREMENT





NORTH MACEDONIA

Parliamentary Oversight

Legislative oversight of budget (Open Budget Survey, 2019)	54/100
Military expenditure as share of government spending (SIPRI, 2020)	3.6%
Committee members with defence expertise (%)	0% (0 of 14)
# of meetings/year	25 (2019); 20 (2018); 8 (2017)
Last review of defence policy/strategy	2018

North Macedonia's recent political turmoil, including mass anti-government and anti-corruption protests in 2015 and 2016, led to a parliamentary crisis in 2017 that paralyzed day-to-day political activity.⁷ A left-leaning government managed to calm tensions and gained another slim majority in the largely free and fair 2020 parliamentary elections.⁸ The stabilisation of North Macedonia's parliament has been noticed by the European Commission, which has noted its improved performance in legislating and serving as a forum for constructive dialogue.⁹ However, work remains to be done in relation to its oversight function, despite some progress in restoring checks and balances over the executive.¹⁰ The weakness of parliamentary oversight is particularly evident in the defence sector. The legacy of executive interference in Parliament's work has weakened the legislature and, whilst the post-2016 government has pledged to restore parliament's oversight over security services,¹¹ tangible improvements remain limited. Parliament's role is largely restricted to superficial budget debates and rubber-stamping legislation, with very little follow up or monitoring of how funds are spent once approved.¹² Recommendations and amendments are submitted, albeit irregularly, and the extent to which they are taken into account is unclear. The Parliamentary Committee on Defence and Security is also under-equipped for its task and lacks the technical expertise necessary to conduct long-term investigations and inquiries into defence issues that require considerably more human and financial resources.¹³ The defence committee has the power to request audit reports from the Ministry of Defence's Internal Audit Department, but minutes show that it rarely uses this power, despite the fact that the audit department regularly conducts internal financial and performance assessments.¹⁴ External audits are the remit of the State Audit Office. However, it irregularly and often superficially assesses the defence sector, with only one such report since 2018.¹⁵

Financial Transparency

Defence-related access to information response rates	(1) % granted full or partial access: 87% (2) # subject to backlog: None
Defence-related complaints to ombudsman/commissioner #	No specific data available on Ministry of Defence
Does the commissioner have authority over the MoD?	Yes
Audit reports on defence (2018-2020) #	1 in 2018 (financial audit by State Audit Office)
Open Budget Index (IBP, 2019)	41/100
World Press Freedom Index (RSF, 2021)	90th out of 180

Despite taking significant steps towards improving access to information, government transparency and the public's access to state information remains limited in North Macedonia. The Council of Europe's Group of States against Corruption (GRECO), has called for the government to take immediate steps to further transparency around its activities, expressing "particular concern" about the opacity of some government activities and departments.¹⁶ Encouragingly however, the government passed a new Freedom of Information (FOI) Act in 2019, and refused to impose curbs on access to information during the Covid-19 pandemic like some of its neighbours. The financial information released proactively by defence institutions is relatively comprehensive, with some areas of weakness. Budget transparency is fairly strong, containing detailed information on allocations across functions, including procurement, training and logistics. It also includes a breakdown of allocations in a cumulative rather than disaggregated manner, enabling greater visibility over expenditures.¹⁷ Budget revisions are also published,¹⁸ although there is a lack of expert explanations to accompany budget lines and provide justifications. However, data on actual expenditures is less readily available. While the Ministry of Defence does publish an annual report on budget execution, the information is organised in a confusing way that undermines legibility for non-experts.¹⁹ Equally, variances between actual spend and the original budget are not explained.

⁷ The Guardian UK, 'Macedonia: Protesters Storm Parliament and Attack MPs', *The Guardian*, 27 April 2017.
⁸ Sinisa Jakov Marusic, 'North Macedonia Braces for Complex Coalition Talks', *Balkan Insight*, 3 August 2020.
⁹ European Commission, 'North Macedonia 2019 Report', p. 8.
¹⁰ European Commission, 'North Macedonia 2019 Report', p. 8.
¹¹ Government of the Republic of North Macedonia, 'Plan 3-6-9', 4 July 2017.
¹² European Commission, 'The Former Yugoslav North Macedonia 2015 Report', 2015.
¹³ Assembly of North Macedonia, 'Committee on Defence and Security'.
¹⁴ Assembly of North Macedonia, 'Sessions of the Working Bodies'.
¹⁵ State Audit Office of the Republic of North Macedonia, 'Audit Reports – Ministry of Defence'.

¹⁶ Council of Europe, 'GRECO: North Macedonia Should Increase Government Transparency and De-politicise Police Force', Strasbourg, 27 June 2019.
¹⁷ Ministry of Defence, 'Budget for 2020', 2019.
¹⁸ See for instance, Ministry of Defence, 'Rebalanced Budget for 2019', 2019.
¹⁹ Ministry of Defence, 'Budget of the Ministry of Defence, 2018', 2018.



NORTH MACEDONIA

Personnel Ethics Framework

Whistleblowing legislation	Law on the Protection of Whistleblowers (2015)
# defence-sector whistleblower cases	None
# Code of conduct violations	Military: Data is not publicly available
	Civilian: Data is not publicly available
Financial disclosure system	# submitted: Data is not publicly available
	# of violations: Data is not publicly available

Recent years have seen some notable progress in strengthening anti-corruption standards for personnel in defence. For instance, in November 2017, the Ministry of Defence (MoD) adopted a new Code of Ethics for all personnel in the MoD and Armed Forces, both civilian and military. The Code has a strong emphasis on anti-corruption, conflicts of interest and integrity-building.²⁰ A stronger emphasis has also been placed on anti-corruption in training programmes. With support from the NATO Building Integrity programme, North Macedonia is implementing anti-corruption training courses in its Military Academy and also focussed on enhancing integrity training for its top commanders.²¹ With regards to whistleblowing, in November 2015, North Macedonia passed one of the strongest whistleblower protection laws in South East Europe. The law covers employees in both public and private sectors and adopted many international standards.²² However, citizens remain stubbornly wary of the practice. A 2015-16 survey found that one in three people believed whistleblowers should be punished for reporting wrongdoing, double the regional average.²³ Given this perception, it is perhaps unsurprising that since the enactment of the legislation, no single report has been submitted by a whistleblower to the State Commission for the Prevention of Corruption or to the MoD.²⁴ Critics have denounced the insufficient enforcement of the law and the lack of systematic training of personnel in government institutions. Questions have also been raised as to the financial and structural independence of the institutions in charge, the limited public awareness of the law and the entrenched culture of seeing whistleblowers as 'snitches.'

Operations

Total armed forces personnel (World Bank, 2018)	16,000
Troops deployed on operations #	44 in Kosovo (KFOR), 3 in Lebanon (UNIFIL)

As North Macedonia settles into its new role as a NATO member, increased deployments of troops as part of international military operations can be expected. However, in order to be an asset to NATO and other multilateral missions, North Macedonia must address its critical corruption vulnerabilities on operations. As things stand, a number of gaps exist in this regard. North Macedonia has no explicit military doctrine that addresses corruption as a strategic issue in operations and corruption is only mentioned in the Ministry of Defence's 2016 Integrity Plan.²⁵ However, it remains unclear the extent to which the Plan applies to operations and how it is used to help in forward planning for military operations. Additionally, there remains no systematic training for commanders on corruption risks ahead of deployments, aside from some elements in NATO's Building Integrity courses, but these are sporadic. There is also no system or practice of monitoring and evaluating corruption risk during and after deployment, with no personnel deployed specifically to fulfil this role. Finally, the final report of a mission is supposed to address corruption issues; however, no trace of such reports could be found online and minutes of the parliamentary Committee on Defence and Security meetings do not make any mention of these reports.

²⁰ Ministry of Defence, 'Code of Ethics for the Ministry of Defence and Army of the Republic of Macedonia', Articles 4-10.

²¹ Ministry of Defence, 'Integrity is the only policy that guarantees security - Sekerinska opened the integrity building training for Ministry of Defence's and ARM's top management', 2018.

²² Mark Worth, Suelette Dreyfus, Emma Baillie, Samuel Carey and Simon Wolfe, 'Public Attitudes to Whistleblowing in South East Europe', *Regional Cooperation Council*, Sarajevo, 2017, p. 29.

²³ Worth et al, 'Public Attitudes to Whistleblowers', p. 29.

²⁴ State Commission for the Prevention of Corruption, 'Annual Report on Whistleblowers for 2018', 2018.

²⁵ Ministry of Defence, 'Integrity Plan', 2016.



NORTH MACEDONIA

Defence Procurement

Military expenditure (US\$ mil) (SIPRI, 2020)	154
Open competition in defence procurement (%)	Data is not publicly available.
Main defence exports – to (SIPRI, 2016-20)	N/A
Main defence imports – from (SIPRI, 2016-20)	N/A

In line with its NATO commitment, North Macedonia is aiming to increase its military expenditure to 2% of its GDP by 2024.²⁶ Between 2018 and 2019, defence spending increased by 30%, the sixth largest annual increase in the world.²⁷ This spending surge, and North Macedonia's readiness to commit to NATO's expenditure target, are testament to the government's ambitions. Yet without strong procurement oversight and management, there is increased risk that vast sums of public funds are lost to mismanagement and corruption. The European Commission has singled out public procurement in North Macedonia as being particularly prone to corruption, with special reference to the defence sector as an area of concern.²⁸ It should be noted that North Macedonia has taken some steps towards strengthening procurement legislation, with a new legal framework that came into force in April 2019,²⁹ aimed at increasing transparency in the

public procurement process.³⁰ It also provides for oversight and monitoring powers of the Public Procurement Bureau and State Appeals Commission over defence procurement.³¹ However, both bodies remain under-equipped and require investment to professionalise staff and increase their capacity. There is evidence that the new legislation is paying dividends, with the number of cancelled procedures increasing as oversight bodies take advantage of their new powers, however the extent to which this applies to defence is unclear.³² The government has also committed to reducing the amount of single-sourced defence procurement to just 1% of the budget.³³ However, this remains impossible to assess given the secret nature of these procurements. Equally, restricted procurement contracts are available only to companies that meet certain conditions, such as holding a specific licence for military trade or a certificate providing access to classified information, thereby increasing the likelihood of single-sourcing military equipment.

²⁶ C. Todd Lopez, '3 Things to Know: The US-North Macedonia Defence Relationship', *US Department of Defense*, 7 March 2019.

²⁷ Nan Tian, Alexandra Kuimova, Diego Lopes da Silva, Pieter D. Wezeman & Siemon T. Wezeman, 'Trends in World Military expenditure, 2019', *SIPRI Fact Sheet*, April 2020, p. 6.

²⁸ European Commission, 'North Macedonia 2019 Report', p. 60.

²⁹ Republic of North Macedonia, 'Law on Public Procurement', November 2018.

³⁰ European Commission, 'North Macedonia 2019 Report', p. 60.

³¹ 'Law on Public Procurement', Chapter II.

³² Public Procurement Bureau, 'Report on the Activities of the Public Procurement Bureau Pertaining to the Functioning of the Public Procurement System in 2017' (last available edition), p. 89.

³³ Decision of the Government, Official Gazette of North Macedonia, 246/194, 26 November 2019.

Version 1.0, October 2021

GDI data collection for **North Macedonia** was conducted May 2018 to March 2020. The narrative discussion in this GDI brief was produced at a later time with the most recent information available for the country, which may not be reflected in the GDI country assessments or scores.



NORTH MACEDONIA

2020 GDI Scorecard

		Grade	Score
Political Risk		C	66
Q1	Legislative Scrutiny	A	83
Q2	Defence Committee	C	58
Q3	Defence Policy Debate	B	69
Q4	CSO Engagement	B	67
Q5	Conventions: UNCAC / OECD	B	75
Q6	Public Debate	B	75
Q7	Anticorruption Policy	B	75
Q8	Compliance and Ethics Units	B	75
Q9	Public Trust in Institutions	NS	
Q10	Risk Assessments	B	75
Q11	Acquisition Planning	B	67
Q12	Budget Transparency & Detail	C	63
Q13	Budget Scrutiny	C	50
Q14	Budget Availability	A	92
Q15	Defence Income	C	50
Q16	Internal Audit	C	63
Q17	External Audit	C	63
Q18	Natural Resources	NEI	
Q19	Organised Crime Links	C	63
Q20	Organised Crime Policing	A	88
Q21	Intelligence Services Oversight	C	50
Q22	Intelligence Services Recruitment	D	38
Q23	Export Controls (ATT)	B	67
Q76	Lobbying	D	44
Financial Risk		C	59
Q24	Asset Disposal Controls	B	67
Q25	Asset Disposal Scrutiny	F	0
Q26	Secret Spending	E	25
Q27	Legislative Access to Information	B	75
Q28	Secret Program Auditing	F	0
Q29	Off-budget Spending	A	100
Q30	Access to Information	A	88
Q31	Beneficial Ownership	A	100
Q32	Military-Owned Business Scrutiny	C	50
Q33	Unauthorised Private Enterprise	A	100
Q77	Defence Spending	C	50
Personnel Risk		B	79
Q34	Public Commitment to Integrity	C	58
Q35	Disciplinary Measures for Personnel	A	88
Q36	Whistleblowing	C	50
Q37	High-risk Positions	C	58
Q38	Numbers of Personnel	B	75
Q39	Pay Rates and Allowances	A	100
Q40	Payment System	A	100
Q41	Objective Appointments	C	58
Q42	Objective Promotions	B	81
Q43	Bribery to Avoid Conscription	NA	
Q44	Bribery for Preferred Postings	A	88
Q45	Chains of Command and Payment	A	100
Q46	Military Code of Conduct	B	75

OVERALL COUNTRY SCORE

**MODERATE
RISK**

C
62

RISK GRADE

A • 83-100 VERY LOW
B • 67-82 LOW
C • 50-66 MODERATE
D • 33-49 HIGH
E • 17-32 VERY HIGH
F • 0-16 CRITICAL



Personnel Risk		Grade	Score
Q47	Civilian Code of Conduct	B	75
Q48	Anticorruption Training	B	75
Q49	Corruption Prosecutions	B	75
Q50	Facilitation Payments	A	100

Operational Risk		Grade	Score
Q51	Military Doctrine	E	25
Q52	Operational Training	E	25
Q53	Forward Planning	A	88
Q54	Corruption Monitoring in Operations	F	13
Q55	Controls in Contracting	D	38
Q56	Private Military Contractors	NS	

Procurement Risk		Grade	Score
Q57	Procurement Legislation	C	63
Q58	Procurement Cycle	B	75
Q59	Procurement Oversight Mechanisms	A	92
Q60	Potential Purchases Disclosed	A	100
Q61	Actual Purchases Disclosed	A	88
Q62	Business Compliance Standards	B	75
Q63	Procurement Requirements	B	67
Q64	Competition in Procurement	A	88
Q65	Tender Board Controls	D	42
Q66	Anti-Collusion Controls	C	63
Q67	Contract Award / Delivery	A	88
Q68	Complaint Mechanisms	A	100
Q69	Supplier Sanctions	B	75
Q70	Offset Contracts	NEI	
Q71	Offset Contract Monitoring	F	0
Q72	Offset Competition	NEI	
Q73	Agents and Intermediaries	C	50
Q74	Financing Packages	E	25
Q75	Political Pressure in Acquisitions	NS	

KEY

NEI Not enough information to score indicator
NS Indicator is not scored for any country
NA Not applicable



ti-defence.org/gdi

GDI@transparency.org

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Series editor: **Stephanie Trapnell**, *Senior Advisor*

Author: **Matthew Steadman**, *Research Officer*

Project Manager: **Michael Ofori-Mensah**, *Head of Research*

Design: **Arnold and Pearn**



Foreign, Commonwealth
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Netherlands