

CORRUPTION AND THE ROLE OF PUBLIC INSTITUTIONS -THE CASE OF THE REPUBLIC OF NORTH MACEDONIA

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Abstract: Corruption is undoubtedly a phenomenon that is mostly related to the services provided by public sector institutions to citizens and the private sector. The aim of this research is to see whether in the North Macedonia, an institutional and strategic anti-corruption framework has been established, whether the priority problems that generate a high risk of corruption have been selected by the institutions and measures have been identified for them overcoming. In this context, the paper point out the rule of digitalization process in the fight against corruption. The European Commission's reports on the country's progress, as well as the reports of other relevant organizations, point to unfavorable situations in dealing with corruption. Therefore, official Reports by the national and international institutions regarding the implementation of measures and activities to reduce the level of corruption will be analyzed. We can conclude that in the North Macedonia, although there are clearly established strategic priorities, as well as measures and activities to reduce the level of corruption in our country, the implementation is not at an enviable level. Therefore, in the paper, conclusions will be given related to the importance of institutional efficiency in anti-corruption policy in the country.

Keywords: Anti-corruption Policy, Digitalization Process, Public Institutions

1. INTRODUCTION

Corruption is presented in many forms and it is associated with various economic, political and sociological factors. The negative effects of corruption are significantly felt in the public, private and civil sectors. The European Commission's reports on the North Macedonia progress, and the reports of other relevant international organizations, frequently highlight to unfavorable situations in dealing with corruption. Surveys of citizens' perception show acceptance of corruption as a way of life. It is deeply and widely spread in all the pores of the society, which points to the necessity of its reduction, aiming at its eradication. In the fight against corruption, the digital transformation of the institutions of the system should be a key strategic priority of the Republic of North Macedonia. Undoubtedly, Digital Transformation is one of the most significant measures to reduce corruption.

The subject of this research in the paper is the role of public institutions in the fight against corruption, with the case of the Republic of North Macedonia. Considering the subject of research in the paper the aim is to see whether a legal and strategic framework for the fight against corruption has been established, whether the key institutional structure is established and functional, whether the priority problems that generate a high risk of corruption have been selected by the institutions and measures have been identified for them overcoming and what is the degree of implementation of those measures.

During the research in the paper, the general scientific methods (statistical method, inductive method, deductive method, methods of analysis and synthesis and comparative method) were used. From the point of view of used literature, the national strategic documents of the area, official newspapers and publications in which the legal and by-laws are published, the report of the European Commission on the progress of the Republic of North Macedonia, the GRECO report, the annual report on the implementation of the National strategy for the prevention of corruption and conflict of interests 2021-2025 for the Republic of North Macedonia, but also the reports of other relevant organizations.

In general, this paper is expected to have a positive effect and raise general awareness in the fight against corruption. Since, in the paper, all positive activities in the fight against corruption are presented in a systematized way, while the shortcomings are highlighted, and concluding observations are also given. This paper can be used by national structures, when creating future measures and activities in the fight against corruption. Also, the paper represents a good basis for further research by various stakeholders in the field of anti-corruption. Undoubtedly, this paper can be used by international researchers and users, for the needs of their investigations, as well as for creating anti-corruption policies in their countries.

2. THE CONCEPT OF CORRUPTION

The issue of corruption is not a new, but it has again become represented in the current political and economic debate from the new interest in the role of the state in the developing world. The decisive role of the state is reflected in most definitions of corruption. But the concept of corruption is very complex and difficult to define.

The World Bank defines corruption as “the abuse of public office for private gains.” “An effective state is vital for the provision of the goods and services and the rules and institutions. Without it, sustainable development, both economic and social is impossible” (World Bank, 1997).

Transparency International defines corruption as “the misuse of entrusted power for private gain”. According to Transparency International, Corruption can take many forms, and can include behaviors like, public servants demanding or taking money of favors in exchange for services, Politicians misusing public money or granting public jobs or contracts and Corporations bribing officials to get lucrative deals. (Transparency International, 2002)

According to the European Commission “Corruption, commonly referred to as the abuse of entrusted power for private gain, is a multi-sector phenomenon, present both in the public and private sector, and in the political arena. While corruption can take the form of petty crime or complex high-level corruption, it can also hide behind favouritism and nepotism, conflicts of interest and revolving doors – where business meets politics.” (EC, 2023).

In the literature corruption is usually understood as involving political decision-makers and public officials. The government discretion to apply certain policy increased the corruption. Identifying such policy-related sources of corruption is helpful in bringing it under control. The paper is focus on political corruption.

The distinction between political and bureaucratic corruption is rather ambiguous. Political corruption is namely something more than a deviation from formal legal norms, from professional codes of ethics and court rulings. Political corruption is when the laws and regulations are abused by the rulers, side-stepped, ignored, or even tailored to fit their interests. It is when the legal bases, against which corrupt practices are usually evaluated and judged, are weak and furthermore subject to downright encroachment by the rulers (Amundsen, I. 2000)

3. ANTI-CORRUPTION POLICY AND INSTITUTIONAL CAPACITY IN THE REPUBLIC OF NORTH MACEDONIA

In the Republic of North Macedonia, with the start of the European integration process, the establishment of an anti-corruption policy and the building of institutional capacity began. Hence, in this segment of the paper, the key points of the legal and institutional framework of anti-corruption policies will be presented, and also through the presentation of the strategic framework, the key areas in which high risks of corruption are detected will be elaborated.

The implementation of measures to reduce the level of corruption in the Republic of North Macedonia is carried out by several international and domestic entities. In this chapter of the paper, also, the subject of analysis are the European Commission's report on the Republic of North Macedonia, the GRECO Report, as well as the Annual Report on the implementation of the National Strategy for the Prevention of Corruption and Conflict of Interest 2021-2025, in order to provide appropriate conclusions on how far the country is on the road to reducing corruption.

3.1. LEGAL AND STRATEGIC FRAMEWORK

In the Republic of North Macedonia, according to the Law on the Prevention of Corruption and Conflict of Interest, corruption is defined as: "abuse of office, public authority, official duty or position for obtaining benefit, directly or through an intermediary, for oneself or for another" (Official Gazette of the RM no.12/2019).

In the country, the legislative basis for the anti-corruption policy was laid more than two decades ago, that is, with the adoption of the Law on the Prevention of Corruption. The State Commission for the Prevention of Corruption (hereinafter referred to as the SCPC) is responsible for the implementation of measures and activities for the prevention of corruption. SCPC should be an independent and independent institution in performing the tasks determined by the law. The basic competence of the SCPC is to adopt a National Strategy for the prevention of corruption and conflict of interests.

The National Strategy for the Prevention of Corruption and Conflict of Interest is a basic document that presents in a systematized manner the measures and activists that will have to be implemented and contribute to reducing the level of corruption.

In 2021, the Assembly of the Republic of North Macedonia adopted the "National Strategy for the Prevention of Corruption and Conflict of Interests 2021-2025", and in 2023 the SCPC adopted a Decision to amend and supplement the National Strategy, and it is awaiting adoption by of the Assembly. The Strategy for the fight against corruption has been adopted for the first time at the highest level, that is, by the Assembly of the Republic of North Macedonia. In the past, the drafting and adoption of the State Program for the Prevention and Repression of Corruption and Conflict of Interest was only under the competence of the SCPC.

In the Strategy for the fight against corruption the priority problems that generate a high risk of corruption have been detected and selected, and measures to overcome them have been identified. The problems and measures envisaged by this strategy are systematized in the following areas and sectors: Public procurement, Employment in the Public Sector, Political System, Judiciary, Law enforcement authorities, Health, Education, Labor and social policy, Urbanism and spatial planning, Environment, Agriculture, Sports, Economy and Business, Public Enterprises and Media and Civil Society. In the amendments and additions to this strategic document, two more new areas have been established, that is, they are: Supervision of the implementation of laws and Property in state ownership.

3.2. ANTI-CORRUPTION MEASURES

The European Commission in the North Macedonia Report 2023 (European Commission, 2023) within the framework of Chapter 23- Justice and fundamental rights, in the section on the fight against corruption, emphasizes that the level of preparedness of the Republic of North Macedonia is between certain and moderate. No progress has been made. Corruption remains widespread in many areas and is a matter of concern. Delays and rescheduling of high-level corruption trials have increased, resulting in some cases becoming time-barred. In this direction were also the large number of negative reactions to the recent amendments to the Criminal Code, following an urgent parliamentary procedure, which had consequences on the application of the statute of limitations and stopping numerous corruption cases.

The European Commission determines that the recommendations from the previous year have not been fully acted upon, and they remain valid, and for the year 2024 the Republic of North Macedonia in particular should:

- to improve the implementation of the National Strategy for the Prevention of Corruption and Conflict of Interests and accordingly implement the recommendations of GRECO;
- to assign sufficient human and financial resources to the Public Prosecutor's Office for prosecuting organized crime and corruption, including financial experts, in order to ensure effective accountability for high-level corruption cases;
- improve the outcome in high-level corruption cases – with timely, professional and transparent proactive investigations, prosecutions, final convictions and recovery, including confiscation of criminal assets, value-based confiscation, extended confiscation and third-party confiscation.

The Report on the fourth round of evaluation of GRECO on the prevention of corruption in relation to deputies, judges and prosecutors (GRECO, 2023), contained 19 recommendations for the Republic of North Macedonia. In the report on the implementation of these recommendations, GRECO concluded that nine out of 19 recommendations were implemented (or treated) at a satisfactory level, nine were partially implemented and one was not implemented. In March 2023, North Macedonia submitted a situational report to GRECO on the measures taken to implement the remaining recommendations.

In June 2023, GRECO adopted the second report on compliance in preventing corruption and promoting integrity (as part of the Fifth Evaluation Round), which concluded that 13 out of 23 recommendations were satisfactorily implemented, nine were partially implemented and one was not implemented.

According to the data of SCPC Annual Report out of a total of 166 planned activities for 2023, only 22 have been implemented, 89 have not been implemented, while 55 activities are in the process of implementation. (Table 1.)

Table 1. Implementation of activities in 2023 by areas/sectors

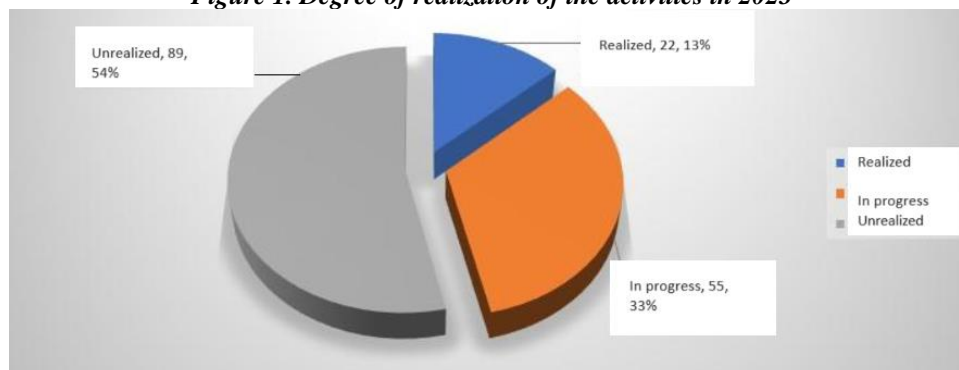
Area/sector	Realized activities	Unrealized activities	Activities in progress
Public procurement	0	2	1
Employment	0	9	3
Political system	0	3	4
Judiciary	4	5	0
Law enforcement authorities	1	13	5
Healthcare	8	7	8
Education	3	12	10
Labor and social policy	3	4	3
Urbanism and spatial planning	0	0	1
Environment	0	1	1
Agriculture	1	7	8
Sports	0	10	5

Economics and business	1	11	1
Public Enterprises and Joint Stock Companies	1	3	0
Media and civil society	0	2	5
Total	22	89	55

Source: SCPC (2024), (Created by SCPC, based on data received from the competent institutions), www.dksk.mk

According to the Figure 1, it can be seen that in 2023 the percentage of unrealized activities is the highest - 54%, the activities in progress comprise 33%, and the part of fully realized activities is only 13%.

Figure 1. Degree of realization of the activities in 2023



Source: SCPC (2024), (Created by SCPC, based on data received from the competent institutions), www.dksk.mk

The comparative analysis of the realization of the activities from the National Strategy for 2021, 2022 and 2023 shows that in all years there is a trend of low level of realization of the activities. According to the data it can be seen that only the Health - 8, Labor and Social Policy - 3 sectors recorded a significant realization, while in the other sectors there were no significant increases in the realized activities. However, the fact that not a single activity was realized in three sectors for three years in a row is worrying. (Table 2.)

Table 2. Realized activities for 2021, 2022 and 2023 by areas/sectors

Area/sector	Realized activities 2023	Realized activities 2022	Realized activities 2021
Public procurement	0	0	1
Employment	0	0	1
Political system	0	1	1
Judiciary	4	5	7
Law enforcement authorities	1	3	2
Healthcare	8	1	1
Education	3	5	6
Labor and social policy	3	0	0
Urbanism and spatial planning	0	0	0
Environment	0	0	0
Agriculture	1	0	0
Sports	0	0	0
Economics and business	1	1	1
Public Enterprises and Joint Stock Companies	1	0	0
Media and civil society	0	1	2
Total	22	17	22

Source: SCPC (2024), (Created by SCPC, based on data received from the competent institutions), www.dksk.mk

3.3. WHERE IS THE REPUBLIC OF NORTH MACEDONIA DUE TO ANTI-CORRUPTION POLICY?

Analyses indicates that in the Republic of North Macedonia, although there are clearly established strategic priorities, the implementation of anti-corruption measures is not at an enviable level. This is also confirmed by the reports of relevant international institutions that constantly refer to the unfavorable situations in dealing with corruption in the Republic of North Macedonia. Delays and rescheduling of high-level corruption trials have increased, resulting in some cases becoming time-barred. In this direction were also the large number of negative reactions to the recent amendments to the Criminal Code, following an urgent parliamentary procedure, which had consequences on the application of the statute of limitations and stopping a large number of high-level corruption cases.

In this context is also the ranking of the country by Transparency International Corruption Perception Index (CPI), in terms of the extent to which corruption is perceived to exist in the public sector. In 2023 the country has a CPI score of 42 out of 100, that is, compared to the previous year, it has fallen by 2 places.

According to Transparency International "...as some small signs of progress started to emerge, North Macedonia's judiciary was significantly impaired with undemocratically made amendments to the Criminal Code. The decision to reduce penalties for the abuse of official positions for personal gain and shortened deadlines for the initiation of legal proceedings in suspected corruption cases is a big favour to corrupt people: an estimated 200 cases will be dismissed, including ones against former high-level officials. Politically motivated appointments and dismissals of court officials raise additional concerns about the judiciary's ability to effectively fight corruption" (Transparency International CPI, 2023).

Transparency International's research shows that globally, in 2023, the CPI shows that corruption is progressing around the world. Moreover, over two-thirds of countries score below 50 out of 100, strongly indicating that countries have serious corruption problems. Also, the global average is stuck at just 43, while the majority of countries have made no progress or declined in the last decade. Widespread democratic backsliding and weakening justice systems are undermining control of corruption, strengthen the rule of law, rights and democracy, but many are systematically attacking them.

In Eastern Europe the situation is even worst. According to Transparency International in Eastern Europe only five countries have significantly improved their CPI scores in the last 10 years. (Transparency International CPI, 2023).

Also, in the EU, no country is completely free from corruption, but its nature and scope may differ from one EU country to another. In 2003 the CPI average score in EU was 65. The CPI score in EU has dropped for the first time in almost a decade, as checks and balances weaken and political integrity erodes.

4. DIGITAL TRANSFORMATION AS A STRATEGIC ANTI-CORRUPTION POLICY

In the fight against corruption Government digitalization policy can be an effective anti-corruption strategy. But the digital transformation is a long-term process. The complexity of corruption and the solutions required to address it cannot be resolved by digitalization alone, they depend on the institutional incentive and capacities.

In the EU digitalization process has significantly impacted corruption, contributing to both the reduction and the reshaping of corrupt practices. Digitalization in the EU countries have had a generally positive impact on reducing corruption by enhancing transparency, accountability, and efficiency of the public institutions

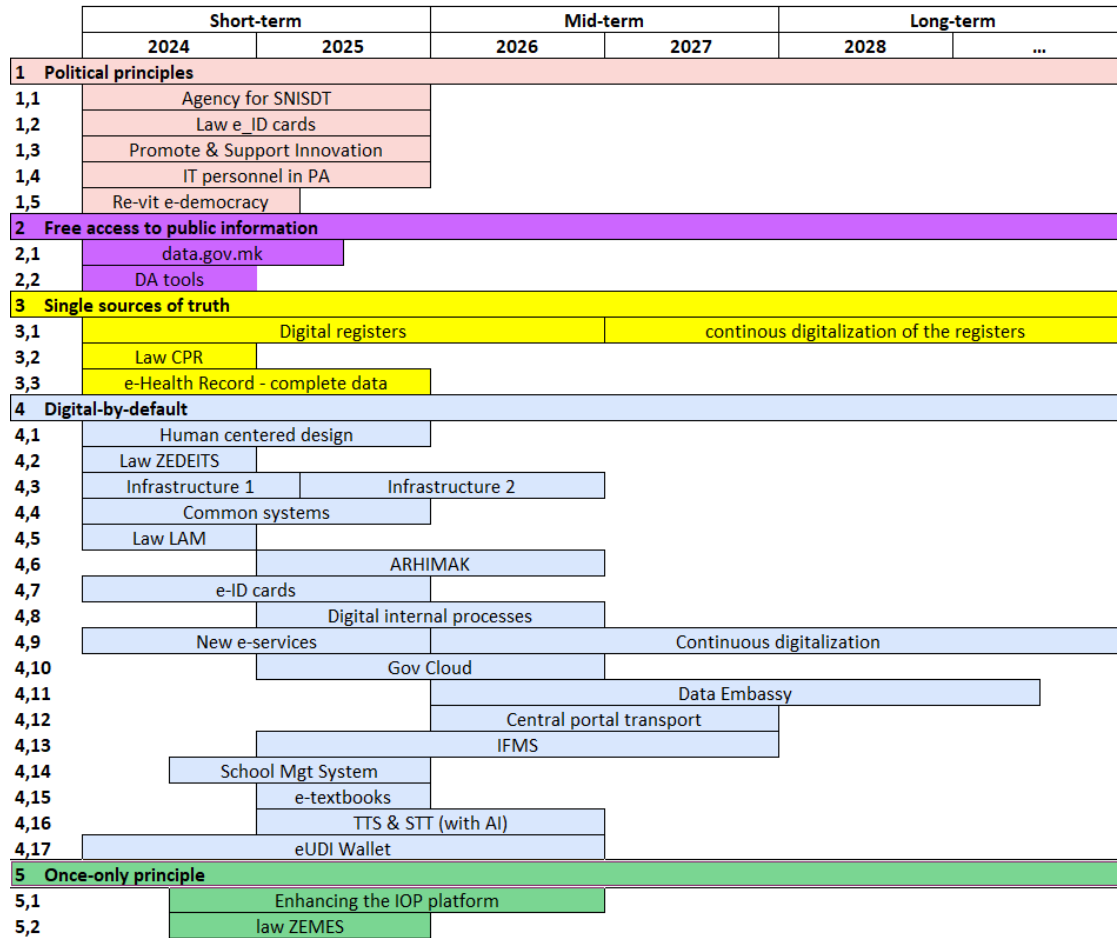
However, the future steps require continuous monitoring and adaptation of anti-corruption strategies. From the Report of Digitalisation in Europe, 2022-2023, it can be seen that despite the progress, however, Europe is not well positioned in digital innovation, with the possibility of developing dependence in several critical technologies. This primarily refers to critical technologies in relation to appropriate digital infrastructure, competition-friendly regulation and labor market skills.. (EIB, 2024)

The Republic of North Macedonia recently adopted the Concept for Digital Transformation of Society, as well as the Roadmap for Digital Transformation of Society.

The basic principles of the Concept of digital transformation of society are the rule of law, social cohesion and public-private partnership, free access to information of a public nature, as well as reliable sources of data, and its purpose is to bring about essential changes in the way of functioning of institutions and improving their efficiency as a service to citizens. Figure 2 presents the Roadmap for digital transformation, which enables a visual representation of the proposed initiatives, while also offering a timeline of the duration of the goals.

The Concept and the Roadmap for digital transformation are relatively new documents, and the implementation of the initiatives from them is relatively early to be evaluated. But, we must have in mind that the key to the success of this initiative is the cooperation between all stakeholders in society, public institutions, the private sector and civil society. Only with a digital transformation at all levels in society will greater transparency and the rule of law be enabled, which in turn will influence progress in the fight against corruption.

Figure 2. Presentation of the initiatives and projects foreseen in the Roadmap for digital transformation



Source: Government of the Republic of North Macedonia (2023)

5. CONCLUSIONS

Following the subject of this research, the thesis is unreservedly confirmed that institutions in the public sector have a key and greatest role in the fight against corruption.

We can conclude that in the Republic of North Macedonia, although there are clearly established strategic priorities, as well as measures and activities to reduce the level of corruption in our country, the implementation is not at an enviable level.

The crucial problem in reducing the level of corruption in our country, which has been detected by both domestic and international institutions, is precisely the low level of implementation of the established measures and activities for the fight against corruption, which indicates the need for a more serious approach to the fight against corruption in all levels in the system.

The National Strategy for the Prevention of Corruption and Conflict of Interest is a document that has been in force since 2021, and for the following three years the percentage of implementation of the activities determined for the current year does not exceed 13%. The reasons and justifications for the unrealized activities listed in the Annual Reports are different, but generally common to all of them is the insufficient institutional responsibility for the implementation of the measures, including the Assembly of the Republic of North Macedonia. Therefore, it is necessary to establish a strong control mechanism, but also institutional responsibility for the implementation of the measures. Digital transformation of society will play an important role in implementation of the measures. But the Concept and the Roadmap for digital transformation are relatively new documents, and the implementation of the initiatives from them is relatively early to be evaluated.

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